

Statement of Accounts



2015-2016



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 2016.

The Statement of Accounts is a statutory document providing information on the cost of services provided by Oxford City Council to the council tax payer and the council house tenant and detailing how those services were financed. In addition, it provides information, within the Balance Sheet on page 25 of the value of the assets the Council owns and the liabilities that we owe. It is in essence, a statement of how well we have 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 2016. Other supporting statements are provided to help explain the figures in the accounts. In addition, a glossary can be found on pages 127 to 133 to help explain some of the technical terms.

On pages 95 to 105 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.

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 2014/15.

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
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INTRODUCTION

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 23 to 124 presents a true and fair view of the financial position of Oxford City Council as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

The unaudited Accounts were issued on 29 June 2016 (and the audited accounts will be authorised for issue on 28 September 2016.)

Signed 
Nigel Kennedy

Date

28/9/16

Head of Financial Services (Section 151 Officer)

Signed


Councillor

Date

28/9/16

Chair of Audit & Governance Committee

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 and 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 25).
- The Core Financial Statements (pages 23 to 26) and supplementary statements pages (87 to 105) 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. A Balance Sheet - which records all the assets and liabilities at the Balance Sheet date of 31 March.
 - d. A Cashflow Statement - a statement that shows the inflows and outflows of cash during the year reconciled to the year end cash position.
 - e. 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 7,792 dwelling stock.
 - f. Collection Fund - a statement which brings together all transactions during the year relating to the collection of Business Rates and Council Tax income together with payments and receipts from Government and payments made to the preceptors; the County Council, Police and Crime Commissioner (Thames Valley) and Parish Councils.
 - g. 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 and a 50% interest with Nuffield College in a joint venture for the regeneration of the West End area of Oxford. The Council's share of the assets and liabilities of these companies are required to be incorporated into the Council's accounts.
- The Statement of Accounting Policies, setting out the detailed rules under which we account for assets, liabilities, income and expenditure (pages 107 to 124).

NARRATIVE REPORT

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 £69.4 million as at 31 March 2016 and unusable reserves which are not 'cash backed' totalling £617.3 million.

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

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

The Comprehensive Income and Expenditure Statement

This Statement (page 24) shows the cost in the year of providing services, which is £34.8 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.

Note 27 (page 62), shows how the Comprehensive Income and Expenditure Statement reconciles back to the management accounts reported quarterly to the City Executive Board; further details and the outturn are discussed below.

The Balance Sheet

This statement (page 25) shows the value as at 31 March 2016 of the assets and liabilities recognised by the Council which are £686.6 million net. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

	2015/16	2014/15	Variation
	£000	£000	£000
Value of Land and Property Owned	897,434	822,763	74,671
Cash Investments, Assets Held For Sale and Stock	68,691	54,316	14,375
Money the Council Owes	(371,254)	(392,995)	21,741
Money the Council is Owed	91,760	94,678	(2,918)
Net Worth of Council at 31st March	686,631	578,762	107,869

Reserves are reported in two categories:

- Usable Reserves - (£69.4 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).
- Unusable Reserves - (£617.3 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".

NARRATIVE REPORT

Cash Flow Statement

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

The amount of 'Net Cash Flows from Operating Activities' is £32.9 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 2014/15 and 2015/16 is approximately £2.42 million.

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 £6.2 million net deficit. This represents a £8.1 million deficit on Business Rates and a £1.9 million surplus on the Council Tax element respectively. The deficit on the Business Rates Collection Fund arose in 2014/15 when an unexpected level of business rates appeals was received. 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	Council Tax	Total
	2015/16	2015/16	2015/16
	£000	£000	£000
Oxford City Council	3,244	(326)	2,918
Oxfordshire County Council	811	(1,420)	(609)
Police and Crime Commissioner (Thames Valley)	-	(188)	(188)
Central Government	4,055	-	4,055
Total (Surplus)/Deficit	8,110	(1,934)	6,176

NARRATIVE REPORT

2. General Fund Outturn Position

The Council set a budget for spending on General Fund services of £20.414 million plus £2.890 million for corporate accounts and contingencies, to be financed by Grant funding of £4.463 million, Business Rates income of £6.394 million, Council Tax of £11.900 million and Collection Fund surpluses of £0.547 million.

The Council Tax for a Band D property was set at £283.00 (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 £2.226 million. This is off set by an adverse variance the corporate accounts of £1.911 million and £0.179 million on funding giving an overall favourable variance of £0.494 million, this was transferred to Ear-marked Reserves to fund future capital schemes.

	Net Approved Budget 2015/16 £000	Net Revised Budget 2015/16 £000	Net Expenditure 2015/16 £000	Variance 2015/16 £000
Assistant Chief Executive	644	918	736	(182)
Partnerships	495	960	941	(19)
Planning and Regulatory	1,679	583	837	254
Housing and Property	(4,709)	(5,242)	(6,637)	(1,395)
Regeneration and Housing	(2,535)	(3,699)	(4,859)	(1,160)
Environmental Sustainability	789	712	779	67
Community Services	5,211	6,024	5,874	(150)
Direct Services	2,158	2,052	1,298	(754)
Community Services	8,158	8,788	7,951	(837)
Transformation	527	225	225	-
Business Improvement	7,084	8,610	8,674	64
Organisational Development	690	1,015	1,012	(3)
Welfare Reform	141	331	333	2
Financial Services	3,116	2,864	2,736	(128)
Law and Governance	2,589	2,482	2,500	18
Organisational Development & Corporate Services	14,147	15,527	15,480	(47)
Total Service Expenditure	20,414	21,534	19,308	(2,226)
Corporate Accounts and Contingencies	2,890	1,116	3,027	1,911
Net General Fund Expenditure	23,304	22,650	22,335	(315)
Total Funding	23,304	22,612	22,791	179
Net (Surplus)/Deficit	-	38	(456)	(494)
Working Balance	(3,622)	(3,622)	(3,622)	-

The key variances across the Directorates are:

Assistant Chief Executive

- £0.182 million favourable variance made up of an underspend of £0.268 million on Educational Attainment offset by £0.086 million of commitments for residents satisfaction survey, consultancy services and staff costs to cover maternity leave.

NARRATIVE REPORT

Regeneration & Housing

- **Planning & Regulatory - Planning & Regulatory** - There is an adverse variance of £0.254 million arising from reduced income from building control (£0.073 million), HMO Licencing (£0.098 million), External Fees for Planning Policy Advice (£0.060 million), Food Hygiene courses (£0.040 million), Planning Fees (£0.053 million) and street trading licences (£0.022 million). This was mitigated by Fee Income for the Planning Design & Review Panel (£0.069 million) and staff vacancies across the service (£0.025 million).
- **Housing & Property** - Within Housing and Property there is a favourable variance of £1.395 million, due to additional property income, Rent to Mortgage revaluations and underspends on staffing due to vacancies throughout the year.

Community Services

- **Community Services** - There is a favourable variance of £0.150 million arising from savings of £0.030 million on Leisure Management and additional Town Hall income of £0.120 million.
- **Direct Services** - A favourable variance of £0.754 million has largely arisen from an overachievement of income in Car Parking (£0.472 million), Motor Transport (£0.120 million) and Engineering Services (£0.285 million). Further savings have been made due to fuel price reductions during the year of £0.110 million and in salaries of £0.153 million. Part of these savings have been re-invested in the Cowley Marsh Recreation ground car park extension (£0.132 million) and a replacement brush wash (£0.100 million).

Organisational Development and Community Services

- **Financial Services** - The service has an overall favourable variance of £0.128 million, which has arisen from staff vacancies and additional court cost income.

Corporate Accounts and Contingencies

- The £1.911 million variance on the Corporate Accounts is due to the revaluation of the Council's Rent to Mortgage properties. These have increased in value in 2015/16. The contra entry to this is in the Housing and Property Service area.

NARRATIVE REPORT

3. Housing Revenue Account Outturn Position

The table below shows that the Housing Revenue Account has an outturn position of £9.809 million against the latest budget, which gives a favourable variance of £10.946 million compared to the latest budget. This surplus has then been transferred to the Capital Financing Reserve to fund future capital expenditure.

	Net Approved Budget 2015/16 £000	Net Revised Budget 2015/16 £000	Net Expenditure 2015/16 £000	Variance 2015/16 £000
Dwelling Rent	(41,705)	(41,705)	(42,809)	(1,104)
Service Charges	(1,244)	(1,244)	(1,810)	(566)
Furniture & Other Rent	(757)	(781)	(976)	(195)
Major Project Team Fees	(337)	-	-	-
Income	(44,043)	(43,730)	(45,595)	(1,865)
General Management	5,494	5,393	4,542	(851)
Special Services	2,381	2,756	2,574	(182)
Other Expenditure	3,195	1,797	1,239	(558)
Bad Debt Provision	365	346	300	(46)
Responsive and Cyclical Repairs	10,091	10,398	10,394	(4)
Interest Paid	7,922	7,922	7,760	(162)
Depreciation	5,849	5,849	9,115	3,266
Expenditure	35,297	34,461	35,924	1,463
Net Operating Expenditure / (Income)	(8,746)	(9,269)	(9,671)	(402)
Appropriations	8,954	10,406	(138)	(10,544)
Net (surplus)/deficit	208	1,137	(9,809)	(10,946)
Working Balance	(4,000)	(4,000)	(4,000)	-

The majority of this variance arises from:

Income

- **Dwelling rents** - £1.104 million arising from lower than anticipated right to buy sales; a growing number of properties being used for Temporary accommodation with an increased rental charge and void properties generating additional income.
- **Service Charges** - £0.566 million arising from increased garage income.
- **Furniture & Other Rent** - £0.195 million arising from increased demand for the furnished tenancy scheme.

NARRATIVE REPORT

Expenditure

- **General Management** - £0.851 million favourable variance arising from reduced bank charges, a lower bad debt provision, lower court costs and reduced printing and copier charges.
- **Special Services** - £0.182 million favourable variance arising from underspends on communal gas and electric charges.
- **Other expenditure** - £0.558 million favourable variance due to reduced spend associated with capital works following the deferment of capital schemes during the year.
- **Depreciation** - £3.266 million adverse variance due to the increase in the value of the Council Housing stock, which leads to an increase in the depreciation charge. Depreciation however is offset completely in the HRA within appropriations.
- **Appropriations** - £10.544 million favourable variance arising from reduced depreciation charges and revenue contributions to fund the Capital Programme, which was materially underspent for 2015/16 due to the deferment of capital works following the announcement of changes in Government policy.

4. Capital Outturn Position

The table below shows capital expenditure for the year was £32.708 million compared to a revised budget of £34.592 million. The total variance of £1.884 million compared to the original budget of £47.580 million is made up of £0.495 million of underspent schemes and £1.389 million of slippage into future years.

	Original Approved Budget with Carry Forwards 2015/16 £000		Latest Budget 2015/16 £000	Spend to 31 March 2016 2015/16 £000	Outturn Variance to Latest Budget 2015/16 £000	Outturn Variance due to Slippage 2015/16 £000	Outturn Variance due to Over / (Under) spend 2015/16 £000
General Fund Total	22,961	18,073	17,129	(944)	(942)	(2)	
Housing Revenue Account Total	24,619	16,519	15,579	(940)	(447)	(493)	
Grand Total	47,580	34,592	32,708	(1,884)	(1,389)	(495)	

The key variations are detailed below:

General Fund

- **Community Centre backlog** - £0.484 million - Deferred to future years
- **Stage 2 Museum** - £0.434 million - Deferred to 2016/17 as part of the lottery funded project
- **MT Vehicle Replacement** - £1.600 million - Deferred due to changes in the ordering cycle
- **R&D Feasibility** - £0.400 million - Deferred
- **Property Acquisitions** - £1.700 million Scheme changed to working with St Mungos Broadway to provide homeless accommodation
- **Flood Alleviation** - £1.400 million - Deferred
- **Superconnected Cities** - £0.500 million - Underspent on scheme
- **Disabled Facilities Grant** - £0.100 million - Underspent due to deferral of scheme and no longer being required in year

NARRATIVE REPORT

HRA

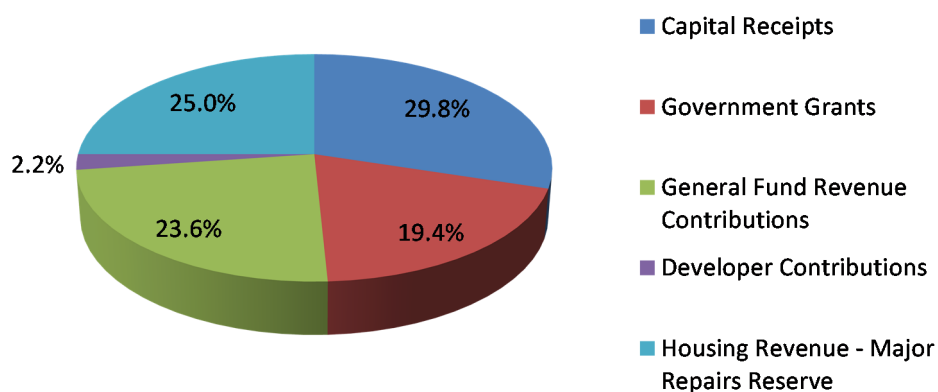
- **Tower Bock Refurbishment** - £5 million - Slipped into 2016/17 due to late starting of the project whilst awaiting approval of the revised budget
- **Extensions and Major Adaption**s - £0.301 million - Deferred into 2016/17 programme of works
- **Insulation Works** - £0.337 million - Deferred into 2016/17 programme of works
- **Controlled Entry** - £0.300 million - Deferred into 2016/17 programme of works
- **Great Estates** - £0.750 million - Deferred into 2016/17 programme of works
- **Major Voids** - £0.400 million - Deferred into 2016/17 programme of works
- **Blackbird Leys Regeneration** - £0.400 million - Slipped into 2016/17 to align scheme with available funding
- **Solar Panels** - £0.500 million - Deferred into 2016/17 programme of works
- **Rosehill Community Centre** - £0.175 million - Slippage in scheme
- **Homes at Barton** - £0.600 million - Deferred into 2016/17 programme of works

Funding the Capital Programme

The General Fund Capital Programme spend totalled £17.129 million and was funded through a combination of Direct Revenue Financing (£5.940 million), Capital Receipts (£5.323 million), Government Grants (£5.164 million) and Developer Contributions (£0.702 million).

The Housing Capital Programme spend totalled £15.578 million and was financed from Capital Receipts (£4.441 million), Revenue Reserves (£1.783 million), Major Repairs Reserve (£8.177 million), Developer Contributions (£0.004 million) and Grants and Contributions (£1.173 million).

Capital Programme Funding



5. Material Items of Income and Expenditure

The Council's accounting policies are set out on pages 107 to 124 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 decreased in the year ended 31 March 2016.

The liability reported as at 31 March 2015 was £145.3 million. The revised liability as at the 31 March 2016 is £133.8 million. The decrease is due to a number of factors, the most significant of which are actuarial gains of £18.6 million due mainly to significant changes in financial assumptions and reduced interest costs. More information regarding the Defined Benefit Pension Scheme can be found in Note 39 of the Statement of Accounts (page 74).

The Pension Fund Actuary has reported an actuarial gain for 2015/16 of £18.6 million. This is reported as a gain on the Comprehensive Income and Expenditure Account, and subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it has no General Fund Balance implications.

- **National Homelessness Property Fund**

The Council has committed to invest £5 million in the National Homelessness Property Fund on the basis that it is match funded by an external investor. In 2015/16 the Council has invested £0.5 million with the balance to follow over the subsequent 18 months. The Fund will invest in properties within the Oxford area which will be used to house homeless people with nominations from the Council. The tenancies will be managed through an agreement with St Mungos Broadway, a Registered Provider of social housing. The Council will earn a return on its investment after the initial 2 year investment period and the Fund will then run for a further period of 5 years which can be extended by a further 2 depending on the agreement of the investors. At the end of the agreed period (7 to 9 years) period, the Council will receive its share of the property fund which will be equivalent to its initial investment plus or minus any capital gains or losses.

- **Oxford West End Development Company (OxWED)**

On 18th January 2016, the Council entered into a 50:50 Joint Venture Partnership with Nuffield College to develop and regenerate the West End area of Oxford and produce commercial and domestic properties for sale and rent. In February 2016, the partners each loaned £6.5 million to the company in order to facilitate the purchase of land from London and Continental Railways. The Council's share of the loan is shown in the Council's accounts as a long term debtor and OxWED is consolidated within the Council's Group Accounts at page 97.

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 undertake the self financing of the Housing Revenue Account and the first repayment of this borrowing is due in 2019/20.

7. Contingencies and Provisions

As at 31 March 2016 the Council had made provision for £8.1 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.
- **Singletree 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** - £5.7 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.

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** - A repayment of £98,000 has now been received leaving a small remaining balance of approximately £106,000. This will potentially be recovered in due course.
- **Heritable Bank** - Repayments of £119,000 have been received leaving a 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 commercial and domestic properties for sale and rent.

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. The figure as at 31 March 2016 is a net liability of £0.332 million.

NARRATIVE REPORT

	OxWED 2015/16 £000	Barton LLP 2015/16 £000	Total 2015/16 £000
Members' Interest	6,235	1,043	7,278
Capital classified as a liability	(6,550)	(1,060)	(7,610)
Amounts shown in Group Accounts	(315)	(17)	(332)

	Barton LLP 2014/15 £000	Total 2014/15 £000
Members' Interest	995	995
Capital classified as a liability	(1,007)	(1,007)
Amounts shown in Group Accounts	(12)	(12)

The Council's share is arrived at after deducting the LLP's costs of acquiring land from Oxford City Council (£1.060 million) and providing a loan to OxWED (£6.550 million) to avoid double counting. The City Council's Statement of Accounts also holds a Long Term Debtor of £1.060 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 £6.550 million (£6.5 million for the purchase of the land and £0.05 million working capital) in respect of the OxWED loan.

See page 95 for more details on the Group Accounts.

10. Financial Prospects Looking Forward

General Fund

The 2015/16 outturn position was favourable with the Council having a surplus on its General Fund of £0.5 million in the year which was transferred into Earmarked Reserves largely to finance the Capital Programme. Earmarked Reserves now stand at around £34 million with a further £3.6 million held in General Fund working balance.

The Council's Medium Term Financial Plan for 2016/17 to 2019/20 agreed at Council in February 2016 estimated working balances to remain constant over the period.

To achieve this position a programme of savings, service reductions and increased fees and charges totalling £13.5 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 medium or high risk are covered by a 40% contingency.

The Council's Medium Term Financial Plan assumes Revenue Support Grant will be removed from 2019/20. 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 and new burdens as part of 100% retention.
- New Homes Bonus is lower in future years following the Governments Consultation.
- Welfare Reform impacts the Council more adversely than assumed.
- The knock on implications of funding cuts being experienced by partner organisations.

NARRATIVE REPORT

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 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 had affected the HRA business plan significantly and there still remains 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.
- Rental income from 2020/21 onwards is insufficient to sustain the HRA Business Plan over the 30 year trajectory.
- Non-achievement of assumed Right To Buy sales now required to fund the increased capital spend commitments.
- Non-achievement of planned efficiencies.
- Variations in estimates causing cash flow problems.

To help manage these risks the Council is in the process of setting up a Housing Company. It is intended that this company will, in the first instance, purchase the affordable housing from the Barton Development instead of, as previously planned, the HRA purchasing these properties. These properties would then be maintained and managed by the Company. It is also intended to use the Housing Company as a vehicle to deliver housing developments throughout Oxford and then to maintain and manage any retained properties. The Council is also seeking to transfer properties in to the Company rather than sell them as proposed in the forced sale of High Value Council Housing Government policy; this is subject to the agreement of the Secretary of State in order to transfer more than 5 a year. This Company will sit in the General Fund rather than the HRA.

NARRATIVE REPORT

11. Performance Management

The Council had nineteen Corporate Performance Indicators which it monitored and reported on during the year, these are listed below. Of the nineteen indicators we have achieved target with fourteen (74%) of them.

Measure	Target	Result for 2015/16
The percentage of Council spend with local businesses	50.00%	64.90%
The number of training places and jobs created as a result of Council investment and leadership	550	466
The number of Council apprenticeships created through Council investment for those who live in Oxford	26	22
Number of people moved into work by the Welfare Reform Programme	4	45
The percentage of estimated HMOs in the City that are licensed	75.00%	73.00%
Limit our use of temporary accommodation at 2015 levels	120	115
Number of affordable homes for rent delivered	67	166
The number of people estimated to be sleeping rough	45	56
The number of successful interventions with rough sleepers	250	326
The number of people taking part in our Youth Ambition Programme	5,400	6,640
The percentage increase in the number of adults taking part in sport as measured by Sport England's Active People Survey	31.50%	31.50%
Satisfaction with our street cleaning services	75.00%	78.78%
Implementation of measures to reduce the Council's carbon footprint by 5% each year	454 Tonnes	637 Tonnes
The amount of non-recyclable waste produced in the city per household	425.00 kgs	409.74 kgs
Household waste recycled and composted	46.50%	46.86%
The percentage of customers satisfied with their first point of contact	80.00%	80.00%
The delivery of the Council's efficiency savings	£3,122,000	£3,122,000
Resident satisfaction with their area as a place to live	81.00%	81.00%
Percentage of all contact carried out online	27.00%	26.30%

Targets shown in the table above as red did not meet their annual targets, reasoning's as to why they were not met have been provided and were within a reasonable tolerance.

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 2015/16.

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

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MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

The following statement shows the movement in 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) and 'unusable' reserves. 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. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

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

	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
		General Fund Balance	Earmarked GF Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Major Repairs Reserves	Capital Receipts Reserve	Capital Grants Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
Balance at 31st March 2014 carried forward		3,623	29,861	4,000	8,414	0	22,396	182	68,476	425,762	494,238	
Movement in Reserves during 2014/15												
Surplus/(Deficit) on the Provision of Services		39,725	-	6,135	-	-	-	-	45,860	-	45,860	
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	38,664	38,664	
Total Comprehensive Income and Expenditure		39,725	-	6,135	-	-	-	-	45,860	38,664	84,524	
Adjustments between Accounting Basis & Funding Basis under Regulations	6	(36,792)	-	(8,685)	-	(0)	(11,042)	1,401	(55,118)	55,118	0	
Net Increase/(Decrease) before Transfers to Earmarked Reserves		2,933	-	(2,550)	-	(0)	(11,042)	1,401	(9,258)	93,782	84,524	
Transfers (to)/from Earmarked Reserves	7	(2,934)	2,934	2,550	(2,550)	-	-	-	-	-	-	
Increase/(Decrease) in 2014/15		(1)	2,934	(0)	(2,550)	(0)	(11,042)	1,401	(9,258)	93,782	84,524	
Balance at 31st March 2015 carried forward		3,622	32,795	4,000	5,864	0	11,354	1,583	59,218	519,544	578,762	
Movement in Reserves during 2015/16												
Surplus/(Deficit) on the Provision of Services		4,942	-	3,695	-	-	-	-	8,637	-	8,637	
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	6	(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	7	(2,941)	2,941	(9,760)	9,760	-	-	-	-	-	-	
Increase/(Decrease) in 2015/16		0	2,941	0	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	

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
31 MARCH 2016**

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 23).

	2015/16		2014/15	
	Gross Expenditure	Gross Income	Gross Expenditure	Gross Income
	£000	£000	£000	£000
	Notes			
		Net Expenditure		Net Expenditure
		£000		£000
Central Services to the Public	3,322	(1,734)	3,953	(1,989)
Cultural Services	16,901	(4,352)	15,770	(4,117)
Environment and Regulatory Services	19,305	(7,012)	18,129	(6,436)
Planning Services	8,375	(7,104)	8,781	(2,995)
Highways and Transport Services	11,398	(10,387)	13,705	(12,302)
Local Authority Housing (HRA)	34,158	(45,623)	32,333	(43,203)
Other Housing Services	71,219	(67,466)	75,587	(72,438)
Corporate and Democratic Core	3,669	(23)	3,544	(88)
Non Distributed Costs	11,836	(987)	1,440	(1,569)
Cost of Services		35,495		28,105
Other Operating Expenditure		(642)		(43,784)
Financing and Investment Income and Expenditure		(8,151)		(682)
Taxation and Non-Specific Grant Income		(35,339)		(29,499)
(Surplus)/Deficit on Provision of Services		(8,637)		(45,860)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets		(79,077)		(71,872)
(Surplus)/Deficit on Available for Sale Financial Instruments		(1,356)		-
Actuarial (Gains)/Losses on Pension Assets and Liabilities		(18,554)		33,208
Other Comprehensive Income and Expenditure		(98,987)		(38,664)
Total Comprehensive Income and Expenditure		(107,624)		(84,524)

BALANCE SHEET AS AT 31 MARCH 2016

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	2015/16 £000	2014/15 £000
Property, Plant & Equipment	11	782,643	718,366
Heritage Assets	12	2,509	2,496
Investment Properties	13	110,856	100,871
Intangible Assets	14	1,181	1,030
Long Term Investments	15	11,218	9,894
Long Term Debtors	15	76,334	67,093
Long Term Assets		984,741	899,750
Short Term Investments	15	46,666	35,586
Assets Held for Sale	19	854	1,351
Inventories	16	817	773
Short Term Debtors	15 & 17	15,426	27,585
Cash and Cash Equivalents	15 & 18	9,136	6,712
Current Assets		72,899	72,007
Short Term Borrowing	15	-	(895)
Short Term Creditors	15 & 20	(26,692)	(36,441)
Current Liabilities		(26,692)	(37,336)
Long Term Creditors	15	(173)	(114)
Provisions	21	(8,100)	(7,902)
Long Term Borrowing	15	(198,528)	(198,534)
Other Long Term Liabilities	15	(134,050)	(145,607)
Capital Grants Receipts in Advance	33	(3,711)	(3,502)
Long Term Liabilities		(344,562)	(355,659)
Net Assets		686,386	578,762
Usable Reserves	MIRS	(69,358)	(59,218)
Unusable Reserves	23	(617,028)	(519,544)
Total Reserves		(686,386)	(578,762)

The unaudited Accounts were issued on 29 June 2016 and the audited accounts will be authorised for issue on 28 September 2016.

Signed



Nigel Kennedy

Head of Financial Services (Section 151
Officer)

Date

28/9/16

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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.

	Notes	2015/16 £000	2014/15 £000
Net (Surplus)/Deficit on the Provision of Services		(8,986)	(45,860)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements		(23,956)	10,707
Net Cash Flows from Operating Activities		(32,942)	(35,153)
Investing Activities	25	29,944	38,124
Financing Activities	26	574	490
Net (Increase)/Decrease in Cash and Cash Equivalents		(2,424)	3,461
Cash and Cash Equivalents at the Beginning of the Reporting Period		(6,712)	(10,173)
Cash and Cash Equivalents at the End of the Reporting Period	18	(9,136)	(6,712)

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Standards that have been issued, but not yet adopted by the Code of Practice 2015/16

The International Financial Reporting Standards introduced or amended in the 2016/17 Code are applicable from the 1 April 2016. The amendments to the code are not expected to have a material effect. The amendments will be applied in the Council's 2016-17 Statement of Accounts as follows:

a. IAS 19 Employee Benefits amendments

The amendment includes confirmation of the new disclosure requirements for retirement benefit plan investments measured at fair value and recommendations for a new disclosure on investment management transaction costs.

b. Annual Improvements to IFRSs 2010–2012 Cycle

The 2016/17 Code includes minor consequential amendments to the definitions section to reflect the amendments in the *Annual Improvements to IFRSs 2010–2012 Cycle* relating to accounting for the following:

Amended Standard	Title	Description of Change and Comments
IFRS 3 <i>Business Combinations</i>	Accounting for contingent consideration in a business combination	Contingent consideration is an obligation of the acquiring entity to transfer additional assets or equity interests to the former owners of an acquired business; these will need to be declared, valued as a financial asset or financial liability at fair value through profit or loss. Oxford City have not acquired a business and therefore this will not affect the accounts.
IFRS 8 <i>Operating Segments</i>	Aggregation of operating segments	This is a narrow scope amendment to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. Oxford City does not aggregate segments and so this will not affect the accounts.
IFRS 8 <i>Operating Segments</i>	Reconciliation of the total of the reportable segments' assets to the entity's assets	This will require an additional disclosure for Oxford City Council.
IFRS 13 <i>Fair Value Measurement</i>	Short-term receivables and payables	This will require a valuation of current debtors and creditors and is applicable to Oxford City but is unlikely to be a significant transaction .
IAS 16 <i>Property, Plant and Equipment</i>	Revaluation method—proportionate restatement of accumulated depreciation	This amendment clarifies the treatment as it is the IASB's view that the restatement of the accumulated depreciation is not always proportionate to the change in the gross carrying amount. The amendment sets out that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. Oxford City does not use the proportionate method, and therefore it will not have any effect.
IAS 24 <i>Related Party Disclosures</i>	Key management personnel	The amendment clarifies that a management entity that provides key management services to a reporting entity is deemed to be a related party of the reporting entity. This may require disclosure if any such related parties exist.
IAS 38 <i>Intangible Assets</i>	Revaluation method - proportionate restatement of accumulated amortisation	Oxford City does not carry intangible assets at fair value, and therefore the amendment will have no effect.

NOTES TO THE CORE FINANCIAL STATEMENTS

c. Annual Improvements to IFRSs 2012–2014 Cycle

The 2016/17 Code includes minor consequential amendments to the definitions section to reflect the amendments in the *Annual Improvements to IFRSs 2012–2014 Cycle*

Amended Standard	Title	Description of Change and Comments
IFRS 7 <i>Financial Instruments: Disclosures</i>	Servicing contracts	An authority shall provide the required disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset – this may include financial assets that are derecognised in their entirety but in which an authority has continuing involvement – existing at the reporting date. Oxford City has no transferred financial assets so the amendment will not affect the accounts.

d. Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)

The 2016/17 Code includes the amendment to IFRS 11 Joint Arrangements – Accounting for the Acquisitions of Interests in Joint Operations and includes an interpretation of IAS 27 where the option to equity account for investments in subsidiaries, associated or joint ventures is withdrawn as follows:

Where an authority has investments in subsidiaries, associates or interests in joint ventures, the option to equity account in the separate financial statements (known as single entity financial statements in the Code) is withdrawn.

e. Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)

f. Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative) including The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.

The new reporting formats and requirements for the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Expenditure and Funding Analysis shall be reported retrospectively from 1 April 2016. These new requirements require full retrospective restatement in accordance with section 3.3, paragraph 3.4.2.31 and IAS 1. The effect is on the presentation of the accounts and will not affect the overall sums accounted for .

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 2016, only £0.17 million remains outstanding. The outstanding funds are expected to be received almost in full from the Icelandic banks over time.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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.

NDR Appeals Provision

The Council is required to estimate the value of successful Business Rates appeals, and make a provision for possible successful appeals. The Council have taken external advice on the level of appeals and due to very few cases being settled during 2015/16, and the prudent approach recommended, the level for the 31 March 2016 has been estimated in the Statement of Accounts. The total appeals provision for business rates as at 31 March 2016 is £14.2 million of which Oxford city share is £5.7 million.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The items in the Council's Balance Sheet at 31 March 2016 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 £12m in 2015/16, while approved budgets of £22.5m (2016/17) & £19.1m (2017/18) have been established 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 £156,580.
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 an 85% provision during 2015/16 and the total provision now stands at £1.43 million.	If the Council's current provision is found to be inaccurate an extra 1% provision would cost £16,864.
Pensions Liability	Estimation of the net pensions 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 pensions liability of changes in individual assumptions cannot be measured accurately. During 2015/16, the Council's actuaries advised that the net pensions liability had decreased by £11.502 million. The total Pension deficit is £133.775 million.
Arrears	At 31 March 2016, the Council had a balance of short term debtors of £22.4 million. A review of significant balances suggested that an impairment of doubtful debts of £7.0 million was appropriate. The net balance of debtors is therefore £15.4 million.	The current economic climate is uncertain and therefore the doubtful debt allowance may be insufficient. An increase of 1% of doubtful debts would require an additional 1% or £69,890 to be set aside as an allowance.
Non Domestic Rates (NDR) Appeals	The Council has set aside a provision of £14.2 million to cover successful appeals lodged against NDR banding with the Valuation Office, based on a professional estimate of outstanding appeals. Of this, the Council's share is £5.7 million.	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 £142,396. This would be split between the Council and preceptors, with 40% (£56,958) of the amount impacting the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>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.</p> <p>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 15 below.</p>	<p>The authority 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 2015-16. 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.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p>

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

General Fund		Collection Fund			Court Costs	
Sundry Debtors		Council				
		Tax				
		NNDR				
Age of Debt	Provision	Year Debt Raised	Provision	Provision	Year Debt Raised	Provision
		2015/16	50%	25%	2015/16	50%
<1 Year	0%	2014/15	65%	25%	2014/15	60%
<2 Years	100%	2013/14	70%	50%	2013/14	80%
<3 Years	100%	2012/13	80%	50%	2012/13	80%
<4 Years	100%	2011/12	80%	80%	2011/12	92%
<5 Years	100%	2010/11	92%	92%	2010/11	93%
<6 Years	100%	2009/10	92%	92%	2009/10	93%
>6 Years+	100%	2008/09	92%	92%	2008/09	94%
		2007/08	92%	92%	2007/08	96%
		2006/07	94%	94%	2006/07	98%
		2005/06	96%	96%	2005/06 &	100%
		2004/05	97%	97%	prior years	
		2003/04 &	100%	100%		
		prior years				

NOTES TO THE CORE FINANCIAL STATEMENTS

4. Material Items of Income and Expenditure

Pension Fund Actuarial Loss

The Pension Fund Actuary has reported an actuarial gain for 2015/16 of £18.554 million. This is reported as a gain on the Comprehensive Income and Expenditure, and subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it 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 21 September 2016. 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 2016, the figures in the Financial Statements and notes will be adjusted in all material respects to reflect the impact.

6. 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

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

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	
	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					

NOTES TO THE CORE FINANCIAL STATEMENTS

6. 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	
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)	-	-	-
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)

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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 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
Other transfer include						
Total Adjustments	(2,001)	6,065	(5,228)	818	1,849	(1,503)

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Adjustments between Accounting Basis and Funding Basis under Regulations 2014/15.

2014/15	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 and impairment of Non-Current Assets	5,011	13,161	-	-	-	(18,172)
Movements in the market value of Investment Properties	2,513	-	-	-	-	(2,513)
Movements in the market value of Rent-to-mortgage properties	(389)	-	-	-	-	389
Amortisation of Intangible Assets	(312)	-	-	-	-	312
Revenue expenditure funded from Capital under Statute	2,302	33	-	-	-	(2,335)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(42,204)	(3,208)	-	-	-	45,412
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(20)	-	-	-	-	20
Capital expenditure charged against the General Fund and HRA balances	(9,543)	(10,108)	-	-	-	19,651
Adjustments primarily involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,995)	-	-	-	1,401	2,594

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Adjustments between Accounting Basis and Funding Basis under Regulations 2014/15 – cont.

2014/15	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 Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	8,155	-	-	(8,155)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(17,763)	-	-	17,763
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,434	-	(1,434)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	(8,704)	-	8,704
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	-	-
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	(49)	-	-	-	-	49
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	7	-	-	-	-	(7)

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Adjustments between Accounting Basis and Funding Basis under Regulations 2014/15 – cont.

2014/15	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 Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,520)	132	-	-	-	7,388
Employer's pensions contributions and direct payments to pensioners payable in the year	12,127	-	-	-	-	(12,127)
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	3,506	-	-	-	-	(3,506)
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	340	9	-	-	-	(349)
Other transfer include						
Adjustment between the Capital Adjustment Account and the Revaluations Reserve						
Adjustments between accounting basis and funding basis under regulations	-	(8,704)	-	8,704	-	-
Total Adjustments	(36,792)	(8,685)	(11,042)	-	1,401	55,118

NOTES TO THE CORE FINANCIAL STATEMENTS

7. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA Balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA expenditure in 2015/16.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2016 £000	Transfers In 2015/16 £000	Transfers Out 2015/16 £000	Balance at 31 March 2015 £000	Transfers In 2014/15 £000	Transfers Out 2014/15 £000	Balance at 31 March 2014 £000
General Fund:							
Direct Revenue Funding of Capital	(13,425)	(1,036)	2,152	(14,541)	(10,565)	2,881	(6,857)
NNDR Retention Reserve	(3,829)	(500)	-	(3,329)	(2,729)	-	(600)
Committed Projects Reserve	(2,243)	(1,455)	1,564	(2,352)	(1,649)	562	(1,265)
Dry Recyclate Reserve	(1,400)	-	-	(1,400)	(1,400)	-	-
Grants Reserve	(1,309)	(875)	628	(1,062)	(837)	706	(931)
Employee Cost Reserve	(1,257)	-	-	(1,257)	-	90	(1,348)
Organisational Development Reserve	(1,185)	(1,298)	547	(433)	(266)	356	(523)
Business Transformation Projects	(988)	(867)	565	(685)	(863)	795	(617)
Homelessness	(952)	-	48	(1,000)	(342)	258	(916)
Housing Benefit Reserve	(804)	(804)	-	-	-	-	-
Westgate Redevelopment Reserve	(737)	-	-	(737)	-	2,542	(3,279)
IT Infrastructure and Equipment Reserve	(710)	(690)	333	(353)	-	-	(353)
Section 106 Commuted Sums Reserve	(707)	(707)	-	-	-	21	(21)
Loan and Property Fund Guarantee Reserve	(516)	-	-	(516)	-	-	(516)
Community Services Carry Forward Reserve	(438)	(122)	429	(746)	(470)	298	(574)
Repairs & Maintenance Reserve	(414)	-	45	(459)	-	155	(614)
Flood Reserve	(357)	-	-	(357)	(56)	-	(301)
Rose Hill Demolition	(339)	-	-	(339)	-	-	(339)
Reserve for Land Charges	(317)	(184)	59	(192)	(150)	-	(42)
OxFutures Reserve	(300)	-	-	(300)	(300)	-	-
SALIX Energy Projects Reserve	(265)	(184)	130	(212)	(158)	203	(257)
Blue Bin League Reserve	(262)	(262)	-	-	-	-	-
Fundamental Service Review	(200)	(200)	-	-	-	-	-
Economic Development Reserve	(158)	(27)	-	(131)	(131)	-	-
Taxi Licensing Reserve	(135)	-	25	(160)	-	52	(212)
P&R County Contribution - Future Maintenance	(117)	-	-	(117)	-	-	(117)
City Council Elections Reserve	(71)	(60)	-	(11)	(10)	57	(58)
Land at Barton	(69)	-	2	(71)	-	34	(105)
External Legal Fees Reserve	(65)	(125)	60	-	-	-	-
SALIX Management Fee	(60)	(20)	-	(39)	(25)	-	(14)
Lord Mayors Deposit	(52)	-	3	(56)	-	3	(59)
Disabled Transport Contingency	(50)	-	-	(50)	(50)	-	-
General Licensing reserve	(48)	-	18	(66)	(15)	-	(51)
Home Choice fund for single persons	(36)	(9)	3	(31)	-	5	(36)
Severe Weather Recovery Scheme	(35)	-	-	(35)	-	-	(35)
Business Support Scheme	(30)	(30)	-	-	-	63	(63)
Jobs Club Contingency	(25)	-	17	(42)	(42)	-	-
Town Hall Equipment Reserve	(20)	-	-	(20)	-	-	(20)
Shopmobility Reserve	(20)	(5)	-	(14)	(9)	7	(12)
Town Team Partners	(10)	-	-	(10)	-	-	(10)
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	(9)	(2)	-	(6)	(2)	-	(4)
Museum Development Reserve	(5)	(2)	-	(3)	(3)	-	-
Work Of Art Reserve	(5)	-	-	(5)	-	-	(5)
HMO Licensing Reserve	-	-	9	(9)	-	233	(242)
Unlawful Dwellings Reserve	-	-	7	(7)	(7)	96	(96)
Feed In Tariff Management Fee	-	-	2	(2)	(2)	-	-
Property Fund Reserve	-	-	-	-	-	7,000	(7,000)
CLG Homelessness Grant	-	-	-	-	(270)	936	(666)
Total General Fund	(33,975)	(9,465)	6,646	(31,156)	(20,351)	17,353	(28,157)
HRA:							
HRA Capital Projects	(15,031)	(15,959)	6,438	(5,510)	(5,503)	7,766	(7,772)
IT Equipment Reserve	(196)	-	83	(279)	(143)	170	(305)
HRA - CRM Work	(120)	(248)	248	(120)	-	-	(120)
Eco Funding	(119)	(28)	-	(91)	(91)	-	-
Direct Payment Project Arrears Reserve	(101)	-	39	(141)	-	53	(194)
Committed Projects Reserve	(38)	(287)	248	-	-	267	(267)
SALIX Energy Projects Reserve	(18)	(18)	-	-	-	-	-
Albert House	-	-	60	(60)	(60)	-	-
Normandy Crescent Fund	-	-	7	(7)	(7)	-	-
Total HRA	(15,624)	(16,540)	7,124	(6,207)	(5,803)	8,254	(8,657)
Insurance Funds:							
Self Insurance Fund	(1,762)	(466)	-	(1,296)	-	165	(1,461)
Total Insurance Funds	(1,762)	(466)	-	(1,296)	-	165	(1,461)
Grand Total	(51,360)	(26,471)	13,770	(38,659)	(26,154)	25,773	(38,276)

NOTES TO THE CORE FINANCIAL STATEMENTS

General Fund: Reserve Descriptions

Direct Revenue Funding of Capital	Created to fund future rolling programme capital requirements.
NNDR Retention Reserve	This reserve is to cover the deficit in NNDR Collection Fund that will be charged to the General Fund in future
Committed Projects Reserve	Created to cover carry-forward requests from service areas, and fund expenditure commitments
Dry Recyclate Reserve	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.
Grants Reserve	This reserve was initially set up to hold various grant monies received by the City Council and or unused in-year budgetary provision for various community/non-HRA housing based activities. As the utilisation of these grants spreads across several years the release of those resources will be undertaken gradually as well as new grant
Employee Cost Reserve	Created to cover the severance and associated payments relating to employees, following organisational development reviews.
Organisational Development Reserve	Created to fund the agreed partnership payment, and other pay related items.
Business Transformation Projects	At the year-end budgets associated with incomplete transformation projects are transferred to this reserve. At the start of the following year projects are approved to continue and the funds allocated back to the projects.
Homelessness	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.
Housing Benefit Reserve	This reserve is to mitigate against future fluctuations in residual local cost of benefits costs following the transition to universal credit
Westgate Redevelopment Reserve	Required to fund temporary car park facilities and other associated works arising due to the planned re-development of the Westgate site in the city centre.
IT Infrastructure and Equipment Reserve	Used to fund the purchase of new IT infrastructure equipment and IT projects across the Council.
Section 106 Commuted Sums Reserve	Created to hold Commuted Sums monies established via planning agreements.
Loan and Property Fund Guarantee Reserve	The Council has provided a loan guarantee for the Arts at the Old Fire Station and the Charities Aid Foundation. The reserve will only be used if the guarantee is called in.
Community Services Carry Forward Reserve	Reserve reflects additional Directorate's expenditure commitments including funding of future cultural Community and Neighbourhood initiatives and community safety/educational activities
Repairs & Maintenance Reserve	The reserve will be used to cover substantive repairs in the Leisure Services and other areas.
Flood Reserve	Reserve created to fund flood maintenance work not eligible for Government re-imbursment under the Belwin
Rose Hill Demolition	Reserve represents resources held to assist in the re-development of the Rosehill Community Centre initiative.
Reserve for Land Charges	This is used for both the equalisation initiative to utilise available year-end Land Charges surpluses to fund future associated expenditure/year-end deficits, together with providing resources to accommodate Oxford City Council's contribution towards the APPS Claimants' claims for refunds of property search fees.
OxFutures Reserve	This reserve is linked to the EU funded Oxfordshire Total Refit (OTR / OxFutures) project to fund potential future project pressures
SALIX Energy Projects Reserve	Created from an initial grant made available via Salix. The reserve is used to implement energy efficient schemes within the City.
Blue Bin League Reserve	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
Fundamental Service Review	Invest to save reserve relating to the upcoming Fundamental Service Reviews.
Economic Development Reserve	This reserve holds un-used budgets related to the City Deal
Taxi Licensing Reserve	Created to support future taxi licensing activities. Year-end taxi licensing surpluses are transferred to this reserve that funds future service improvements within the Taxi Licensing area.
P&R County Contribution - Future Maintenance	Represents resources needed to fund future Park and Ride maintenance obligations associated with County Council sites.
City Council Elections Reserve	Created from the budget surplus/(deficit) on the City Council Elections activity. City elections are held every 2 years and this reserve is used to fund additional costs in election year.
Land at Barton	This is an HCA grant made available to fund regeneration activities.
External Legal Fees Reserve	Legal costs reserve associated with a specific on-going planning review case
SALIX Management Fee	Reserve represents contributions received to fund future energy assistant post activities.
Lord Mayors Deposit	Reserve represents resources held for assisting homeless applicants with rent deposit and/or bonds.
Disabled Transport Contingency	To be used for future disabled transportation needs
General Licensing reserve	Reserve to ensure the ring-fencing of the general licensing team function to fund future service area
Home Choice fund for single persons	Reserve represents resources held for assisting single homeless applicants with rent deposit and/or bonds.
Severe Weather Recovery Scheme	Reserve set up to fund expenditure arising from future severe weather activities.
Business Support Scheme	This reserve has been set up to mitigate future Local Cost of Benefits risks.
Jobs Club Contingency	Funding to support the ongoing jobs club initiative
Town Hall Equipment Reserve	Used to maintain or replace Town Hall equipment.
Shopmobility Reserve	Created to fund the maintenance or replacement of Shopmobility equipment.
Town Team Partners	Reserve represents grant funded activity to improve City High Streets.
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	Planning Fund ring fenced between Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Councils. Oxford City Council administers this fund.
Museum Development Reserve	Funding to support the future development of the museum
Work Of Art Reserve	Created to finance the purchase or restoration of City Council works of art.
HMO Licensing Reserve	Reserve to ensure the ring-fencing of HMO Licensing income to fund future service area expenditure.
Unlawful Dwellings Reserve	Reserve created to fund enforcement activity associated with the identification of unlawful dwellings being used within the City.
Feed In Tariff Management Fee	15% Management Fee to reflect Environmental Development's work related to obtaining Feed In Tariff for the PV's (photovoltaics) on Council assets (e.g. Barton and Ferry leisure centre). This reserve will then be used along with the SALIX management fee reserve to help part fund a post within the Carbon Management team

NOTES TO THE CORE FINANCIAL STATEMENTS

HRA: Reserve Descriptions	
HRA Capital Projects	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.
IT Equipment Reserve	The IT Equipment reserve is used to fund replacement and/or upgrade of the Housing Revenue Account IT systems.
HRA - CRM Work	This reserve was created to fund IT work projects.
Eco Funding	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	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.
Committed Projects Reserve	Created to set aside resources needed to complete and/or fund schemes for which budget allocation has been approved, but the spend has yet to be committed.
SALIX Energy Projects Reserve	Created from an initial grant made available via Salix. The reserve is used to implement energy efficient schemes within the City. These funds will be transferred to General Fund in Future Years to fund future energy schemes.
Albert House	Albert House Sinking Fund. Funded from service charges applied to properties during the year to build up resources for future major works; the residual balance has now been moved into the projects reserve.
Normandy Crescent Fund	This relates to resources to be set aside to assist in community projects at Normandy Crescent following the flooding that occurred during 2014/15.
Insurance Funds: Descriptions	
Self Insurance Fund	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy excess limit.

8. Other Operating Expenditure

	2015/16 £000	2014/15 £000
Parish Council Precepts	196	193
Payments to the Housing Capital Receipts Pool	1,811	1,434
(Gains)/Losses on the Disposal of Non-Current Assets	(2,649)	(45,411)
Total	(642)	(43,784)

The (Gains)/Losses on the Disposal of Non Current Assets for 2014/15 includes £42 million for the disposal of the lease relating to Westgate Shopping Centre.

9. Financing and Investment Income and Expenditure

	2015/16 £000	2014/15 £000
Interest Payable and Similar Charges	6,546	6,678
Pensions Interest Costs and Expected Return on Pensions Assets	4,805	4,862
Finance Charges	(407)	(499)
Interest Receivable and Similar Income	(952)	(772)
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(17,002)	(9,997)
Other Investment Income	(1,141)	(953)
Total	(8,151)	(682)

10. Taxation and Non Specific Grant Income

	2015/16 £000	2014/15 £000
Council Tax Income	(12,405)	(12,106)
Non Domestic Rates	(7,106)	(5,019)
Non-Ringfenced Government Grants	(6,915)	(8,379)
Capital Grants and Contributions	(8,913)	(3,995)
Total	(35,339)	(29,499)

NOTES TO THE CORE FINANCIAL STATEMENTS

11. Property, Plant and Equipment - 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	3,223	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	4,673	1,703	813,914
Accumulated Depreciation and Impairment								
At 1 April 2015	(7,279)	(12,535)	(9,261)	(120)	(65)	(104)	-	(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	30	149	-	-	-	-	-	179
At 31 March 2016	(8,799)	(11,248)	(10,896)	(135)	(88)	(103)	-	(31,271)
Net Book Value								
At 31 March 2016	640,093	124,496	10,589	196	997	4,570	1,703	782,644
At 31 March 2015	565,111	126,089	10,063	209	985	3,119	12,790	718,366
Movement in NBV	74,982	(1,593)	526	(13)	12	1,451	(11,087)	64,277

NOTES TO THE CORE FINANCIAL STATEMENTS

11. Property, Plant and Equipment - cont. - Comparative Movements in 2014/15

Movements in 2014/15

	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 2014	522,184	112,996	18,288	267	1,024	3,300	7,205	665,264
Additions	8,014	15,252	2,391	62	-	-	19,906	45,625
Assets recognised / derecognised under finance lease	-	(370)	163	-	-	-	-	(207)
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	60,015	11,224	-	-	-	-	-	71,239
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,573)	(3,649)	(3)	-	-	-	-	(5,225)
Derecognition - disposals	-	(5,856)	(1,516)	-	-	(61)	-	(7,433)
Derecognition - other	(1,133)	-	-	-	-	-	-	(1,133)
Assets reclassified (to)/from Held for Sale	(3,168)	(2,375)	-	-	(0)	(16)	-	(5,558)
Other movements in cost or valuation	(11,949)	11,403	-	-	26	-	(14,320)	(14,840)
At 31 March 2015	572,390	138,624	19,324	329	1,050	3,223	12,791	747,732
Accumulated Depreciation and Impairment								
At 1 April 2014	(12,036)	(12,234)	(8,728)	(105)	(42)	(97)	-	(33,242)
Depreciation charge	(7,363)	(4,609)	(1,949)	(15)	(23)	(24)	-	(13,984)
Depreciation written out to the Revaluation Reserve	-	700	-	-	-	-	-	700
Depreciation written out to the Surplus/Deficit on the Provision of Services	12,050	571	-	-	-	-	-	12,621
Derecognition - disposals	-	2,231	1,416	-	-	7	-	3,654
Derecognition - other	31	-	-	-	-	-	-	31
Other movements in depreciation and impairment	40	806	-	-	-	10	-	856
At 31 March 2015	(7,279)	(12,535)	(9,261)	(120)	(65)	(104)	-	(29,365)
Net Book Value								
At 31 March 2015	565,111	126,089	10,063	209	985	3,119	12,791	718,367
At 31 March 2014	510,148	100,762	9,560	162	982	3,203	7,205	632,022
Movement in NBV	54,964	25,327	503	47	3	(84)	5,586	86,346

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	-	-	10,589	196	210	-	1,703	12,697
Valued at Fair Value as at:								
31 March 2016	-	-	-	-	-	4,570	-	4,570
Valued at Current Value as at:								
31 March 2016	640,093	36,322	-	-	-	-	-	676,415
31 March 2015	-	32,542	-	-	-	-	-	32,542
31 March 2014	-	26,182	-	-	50	-	-	26,232
31 March 2013	-	22,123	-	-	687	-	-	22,810
31 March 2012	-	6,651	-	-	-	-	-	6,651
31 March 2011	-	199	-	-	-	-	-	199
31 March 2010	-	77	-	-	-	-	-	77
31 March 2009	-	289	-	-	-	-	-	289
De-minimis	-	111	-	-	50	-	-	161
Total Cost or Valuation	640,093	124,496	10,589	196	997	4,570	1,703	782,643

a) Capital Commitments

At 31 March 2016, the Council had entered into a number of contracts for the construction of or enhancement to Property, Plant and Equipment for completion in 2016/17 and future years, estimated at £29.9 million. Similar commitments at 31 March 2015 were £19.4 million. The major commitments are:

		31 Mar 2016 £000	31 Mar 2015 £000
Refurbishment of Tower Blocks	Wilmott Dixon	18,277	-
Barton New Build Phase 1	Hills	10,816	11,328
Windows and Doors	Nationwide	200	-
	University Of Oxford/ Oxfordshire County Council	165	400
Super Connected Oxford	Beard	140	4,156
Rose Hill Community Centre	Atkins Limited	106	-
Northway & Marston Flood Alleviation	Arcadis	92	-
Refurbishment of Tower Blocks	GSR Contracting	60	-
Roofing	Turley Associates	49	-
Seacourt Park and Ride Extension	EC Harris/ Wilmot Dixon	-	2,433
Affordable Homes Programme	EC Harris	-	440
Barton Regeneration Project	Bt Global Servies	-	235
In Building Wireless Hotspots	Wilmot Dixon	-	145
Refurbishment of Blackbird Leys Pavilion	EC Harris	-	134
Refurbishment of Tower Blocks	Jadu Ltd	-	95
Website Redevelopment Contract	Fairfax Avenue	-	48
External Adaptions		-	-
		29,906	19,414

The estimate provided last year for the Barton New Build project was based on estimated prices against the initial phasing of the development, all to be funded from within the HRA as per the 2015/16 CEB approved budget report. City Executive board agreed on 17 March 2016 to establish a wholly owned Housing Company. The intention is for this company to purchase the properties rather than the HRA and negotiations to that effect are currently underway. This commitment is 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 pending any contractual changes being agreed.

NOTES TO THE CORE FINANCIAL STATEMENTS

b) Revaluations

The Valuation report for 2015/16 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 (EUUV) 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 (EUUV-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

12. Heritage Assets - Summary of Transactions

a) Valuations at Market Value

A full explanation of the type of Heritage Assets can be found in note 43 to these Accounts (page 82).

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 2014	1,411	47	363	38	423	214	2,496
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
31 March 2015	1,411	47	363	38	423	214	2,496
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

NOTES TO THE CORE FINANCIAL STATEMENTS

13. 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.

	2015/16 £000	2014/15 £000
Rental Income from Investment Property	8,505	9,020
Direct operating expenses arising from Investment Property	(709)	(1,031)
Net Gain/(Loss)	7,796	7,989

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 2015.

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:

	2015/16 £000	2014/15 £000
Balance at start of the year	100,871	101,359
Additions:		
Purchases	684	-
Subsequent expenditure	566	515
Net gain / (loss) from Fair Value adjustments	9,290	-
Less:		
Disposals	(140)	(3,510)
Net gain/(loss) from fair value adjustments	111,271	98,364
Transfers:		
(To)/from Property Plant and Equipment	(379)	-
Other Changes (net revaluation)	(36)	2,507
Balance at the end of the year	110,856	100,871

Fair Value Hierarchies

The table below summarises the use of the three fair value hierarchies used during 2015/16. 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.

	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 2015/16.

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

14. 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.

	2015/16 £000	2014/15 £000
Balance at 1 April		
- Gross Carrying Amounts	1,858	1,623
- Accumulated Amortisation	(828)	(516)
Net Carrying Amount at Start of Year	1,030	1,107
Additions:		
- Purchases	459	235
- Amortisation for the period	(308)	(312)
Net Carrying Amount at End of Year	1,181	1,030
Comprising:		
- Gross Carrying Amounts	2,317	1,858
- Accumulated Amortisation	(1,136)	(828)
	1,181	1,030

The amortisation of £0.3 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

15. Financial Instruments

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

Categories of Financial Instruments	Long-term		Current	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Investments				
Loans and Receivables	11,218	9,894	55,802	42,298
Total Investments	11,218	9,894	55,802	42,298
Debtors				
Loans and Receivables	76,334	67,093	13,180	22,689
Total Debtors	76,334	67,093	13,180	22,689
Borrowings				
Financial Liabilities at Amortised Cost	(198,528)	(198,534)	-	(895)
Total Borrowings	(198,528)	(198,534)	-	(895)
Other Long Term Liabilities				
Deferred Liabilities	(172)	(172)	-	-
Finance Lease Liability	(103)	(150)	(55)	(8)
Liability for Defined Benefit Pension Scheme	(133,775)	(145,276)	-	-
Total Other Long Term Liabilities	(134,050)	(145,598)	(55)	(8)
Creditors				
Financial Liabilities at Amortised Cost Amounts	(173)	(114)	(14,020)	(25,220)
Total Creditors	(173)	(114)	(14,020)	(25,220)

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

a) Fair Values of Financial Assets

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation Techniques used to measure Fair Value	As at 31/03/2016 £000
Available for sale financial instruments			
Property Fund Investments with CCLA	Level 1	Unadjusted quoted prices in active markets for identical shares	3,673
Property Fund Investments with Lothbury	Level 1	Unadjusted quoted prices in active markets for identical shares	7,545
Total			11,218

NOTES TO THE CORE FINANCIAL STATEMENTS

Investments in Property Funds

The Council has invested £3 million in the CCLA property fund and £7m 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 2016 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.

16. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balance Outstanding at Start of Year	32	32	741	743	773	775
Purchases	84	62	3,135	3,286	3,219	3,348
Recognised as an Expense in the Year	(90)	(62)	(3,085)	(3,283)	(3,175)	(3,345)
Written-off Balances	-	-	-	(5)	-	(5)
Balance Outstanding at Year End	26	32	791	741	817	773

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

17. Short Term Debtors

The table below shows the amount that the Council was owed at 31 March 2016 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

	2015/16 £000	2014/15 £000
Central Government Bodies	9,594	10,111
Other Local Authorities	4,290	2,251
Other Entities and Individuals	1,542	15,223
Total	15,426	27,585

18. Cash and Cash Equivalents

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

	2015/16 £000	2014/15 £000
Cash Held by the Authority	7,760	5,890
Bank Current Accounts	1,376	822
Total Cash and Cash Equivalents	9,136	6,712

19. Assets Held for Sale

	Current		Non Current	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balance Outstanding at Start of Year	1,351	1,489	-	-
Assets newly classified as Held for Sale:				
Property Plant and Equipment	-	945	-	-
Council Dwellings	2,846	3,186	-	-
Assets declassified as Held for Sale:				
Council Dwellings	(628)	(54)	-	-
Assets sold	(2,698)	(4,215)	-	-
Other Movements	(17)	-	-	-
Balance Outstanding at Year End	854	1,351	-	-

20. Short Term Creditors

The table below shows the amount that the Council owed as at 31 March 2016 to third parties, together with amounts received by the Council in advance of supply of goods or services.

	2015/16 £000	2014/15 £000
Central Government Bodies	(4,577)	(2,902)
Other Local Authorities	(4,423)	(2,934)
Other Entities and Individuals	(17,692)	(30,605)
Total	(26,692)	(36,441)

NOTES TO THE CORE FINANCIAL STATEMENTS

21. Provisions

Provisions for doubtful debts are separately treated against debtors on the Balance Sheet. The total value of Provisions held as at 31 March 2016 are:

	Outstanding Legal Cases		Injury and Damage Compensation		Other Provisions		Total £000
	Non Current		Non Current		Non Current		
	Current £000	Current £000	Current £000	Current £000	Current £000	Current £000	
Balance at 1 April 2014	-	-	-	-	-	(3,942)	(3,942)
Additional Provisions Made in Year	-	-	-	-	-	(4,036)	(4,036)
Amounts Used in Year	-	-	-	-	-	76	76
Unused Amounts Reversed in Year	-	-	-	-	-	-	-
Unwinding of Discounting in Year	-	-	-	-	-	-	-
Total Provisions as at 31 March 2015	-	-	-	-	-	(7,902)	(7,902)
Balance at 1 April 2015	-	-	-	-	-	(7,902)	(7,902)
Additional Provisions Made in Year	-	-	-	-	-	(268)	(268)
Amounts Used in Year	-	-	-	-	-	29	29
Unused Amounts Reversed in Year	-	-	-	-	-	41	41
Unwinding of Discounting in Year	-	-	-	-	-	-	-
Total Provisions as at 31 March 2016	-	-	-	-	-	(8,100)	(8,100)

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 - £5.7 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 - £1.4 million

Singletree & HRA - Amounts set aside for future repairs and maintenance and service charges - £0.305 million

Council Tax Court Costs - Provision set aside for future obligations due to inability to collect costs - £0.345 million

NOTES TO THE CORE FINANCIAL STATEMENTS

22. Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement of Reserves Statement (page 23) and Note 6 (page 33).

23. Unusable Reserves

	2015/16 £000	2014/15 £000
Revaluation Reserve	(187,320)	(111,786)
Capital Adjustment Account	(498,390)	(492,906)
Deferred Capital Receipts Reserve	(67,798)	(65,691)
Pensions Reserve	133,775	145,276
Collection Fund Adjustment Account	2,896	3,883
Available for Sale Financial Instruments Reserve	(1,356)	-
Accumulated Absences Account and Employee Reserve	1,165	1,680
Total Unusable Reserves	(617,028)	(519,544)

The Available for Sale Financial Instruments Reserve has been used for the first time in 2015/16 to hold the unrealised gains and losses on the property funds and so there is not a prior year comparative.

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	2015/16 £000	2014/15 £000
Balance at 1 April	(111,786)	(27,324)
Upward revaluation of assets	(79,077)	(87,860)
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	-	-
	(190,863)	(115,184)
Difference between Fair Value Depreciation and Historical Cost Depreciation	2,830	2,051
Accumulated gains on assets sold or scrapped	501	1,347
Amount written off to the Capital Adjustment Account	212	-
Balance at 31 March	(187,320)	(111,786)

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 6 (page 33) provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.

	2015/16		2014/15	
	£000	£000	£000	£000
Capital Adjustment Account				
Balance at 1 April		(492,906)		(491,677)
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	12,510		36,504	
Revaluation losses on Property, Plant and Equipment	17,674		-	
Amortisation of Intangible Assets	308		312	
Revenue expenditure funded from capital under statute	1,907		2,335	
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	3,843		10,859	
Net written out amount of the cost of non-current assets consumed in the year		36,242		50,010
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(9,765)		(17,763)	
Use of the Major Repairs Reserve to finance new capital expenditure	(8,177)		(8,704)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(7,043)		(2,594)	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(89)		(20)	
Capital expenditure charged against the General Fund and HRA balances	(7,724)		(19,651)	
		(32,798)		(48,732)
Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(8,928)		(2,507)
Balance at 31 March		(498,390)		(492,906)

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.

	2015/16 £000	2014/15 £000
Balance at 1 April	(65,691)	(15,798)
Adjustment for restatement in respect of Finance Leases	(722)	(49,579)
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,462)	(295)
Transfer to the Capital Receipts Reserve upon receipt of cash	77	(19)
Balance at 31 March	(67,798)	(65,691)

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.

	2015/16 £000	2014/15 £000
Balance at 1 April	145,276	107,329
Actuarial (gains) or losses on pensions assets and liabilities	(18,554)	33,208
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	14,611	12,127
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,558)	(7,388)
Balance at 31 March	133,775	145,276

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.

	2015/16 £000	2014/15 £000
Balance at 1 April	3,883	377
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)	3,506
Balance at 31 March	2,896	3,883

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.

	2015/16 £000	2014/15 £000
Available for Sale Financial Instruments Reserve		
Balance at 1 April	-	-
Changes in value of Financial Instrument Available for Sale (Gain) / Loss	(1,356)	-
Balance at 31 March	(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 2016. These accruals are reversed and therefore mitigated through the Movement in Reserves Statement.

Accumulated Absences Account	2015/16 £000	2014/15 £000
Balance at 1 April	1,680	1,331
Settlement or cancellation of accrual made at the end of the preceding year	(1,655)	(1,260)
Additional accrual during the year	1,140	1,609
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	(515)	349
Balance at 31 March	1,165	1,680

NOTES TO THE CORE FINANCIAL STATEMENTS

24 Operating Activities

	2015/16 £000	2014/15 £000
Operating activities within the Cashflow Statement include the following cashflows relating to Interest		
Cash Interest Received	952	772
Cash Interest Paid	(6,546)	(6,678)
Total	(5,594)	(5,906)

25. Investing Activities

	2015/16 £000	2014/15 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	32,708	48,712
Purchase of Short-Term and Long-Term Investments	12,958	(191)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(6,381)	(6,758)
Other Capital Cash Receipts in Advance	(9,341)	(3,639)
Total Cash Flows from Investing Activities	29,944	38,124

26. Financing Activities

	2015/16 £000	2014/15 £000
Repayment of Long Term Borrowing	908	718
Other receipts from Financing Activities	(386)	(248)
Payments for the reduction of a Finance Lease Liability	52	20
Total Cash Flows from Financing Activities	574	490

NOTES TO THE CORE FINANCIAL STATEMENTS

27. Amounts Reported for Resource Allocation Decisions

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

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

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

Services Income and Expenditure	Chief Executive	City Regeneration	Community Services	Organisational Development & Corporate Services	Total Cost of Services
	£000	£000	£000	£000	£000
2015/16					
Fees, Charges and other Service Income	(10)	(56,439)	(17,946)	(3,149)	(77,544)
Government Grants	(72)	(362)	(1,631)	(65,062)	(67,127)
Total Income	(82)	(56,801)	(19,577)	(68,211)	(144,671)
Employee expenses	582	10,395	29,852	13,535	54,364
Other service expenses	307	28,761	37,052	78,561	144,681
Support service recharges	(695)	(3,309)	(32,890)	(16,205)	(53,099)
Depreciation, Amortisation and Impairment	-	25,489	7,961	438	33,888
Total Expenditure	194	61,336	41,975	76,329	179,834
Net Expenditure	112	4,535	22,398	8,118	35,163

Services Income and Expenditure	City Regeneration	Community Services	Organisational Development & Corporate Services	Total Cost of Services
	£000	£000	£000	£000
2014/15				
Fees, Charges and other Service Income	(52,354)	(53,494)	(20,652)	(126,500)
Government Grants	(114)	(1,816)	(66,274)	(68,204)
Total Income	(52,468)	(55,310)	(86,926)	(194,704)
Employee expenses	8,635	30,113	12,531	51,279
Other service expenses	20,124	29,876	53,554	103,554
Support service recharges	8,767	9,345	26,984	45,096
Depreciation, Amortisation and Impairment	14,428	7,785	667	22,880
Total Expenditure	51,954	77,119	93,736	222,809
Net Expenditure	(514)	21,809	6,810	28,105

NOTES TO THE CORE FINANCIAL STATEMENTS

▫ Reconciliation to Subjective Analysis

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

2015/16	Cost of Services	Corporate Amounts	Total (Surplus)/Deficit on the Provision of Services
	£000	£000	£000
Fees, Charges and Other Service Income	(77,544)	(17,002)	(94,546)
Interest and Investment Income	-	(2,500)	(2,500)
Income from Council Tax	-	(12,405)	(12,405)
Government Grants and Contributions	(67,127)	(22,934)	(90,061)
Total Income	(144,671)	(54,841)	(199,512)
Employee Expenses	54,364	-	54,364
Other Service Expenses	144,681	-	144,681
Support Service Recharges	(53,099)	-	(53,099)
Depreciation, Amortisation and Impairment	33,888	-	33,888
Interest Payments	-	11,351	11,351
Precepts & Levies	-	196	196
Payments to Housing Capital Receipts Pool	-	1,811	1,811
(Gain)/ Loss on Disposal of Fixed Assets	-	(2,649)	(2,649)
Total expenditure	179,834	10,709	190,543
(Surplus)/Deficit on the Provision of Services	35,163	(44,132)	(8,969)

2014/15	Cost of Services	Corporate Amounts	Total (Surplus)/Deficit on the Provision of Services
	£000	£000	£000
Fees, Charges and Other Service Income	(126,500)	(9,997)	(136,497)
Interest and Investment Income	-	(2,224)	(2,224)
Income from Council Tax	-	(12,106)	(12,106)
Government Grants and Contributions	(68,204)	(17,392)	(85,596)
Total Income	(194,704)	(41,719)	(236,423)
Employee Expenses	51,279	-	51,279
Other Service Expenses	103,554	-	103,554
Support Service Recharges	45,096	-	45,096
Depreciation, Amortisation and Impairment	22,880	-	22,880
Interest Payments	-	11,540	11,540
Precepts & Levies	-	193	193
Payments to Housing Capital Receipts Pool	-	1,434	1,434
(Gain)/ Loss on Disposal of Fixed Assets	-	(45,411)	(45,411)
Total expenditure	222,809	(32,246)	190,564
(Surplus)/Deficit on the Provision of Services	28,105	(73,965)	(45,860)

NOTES TO THE CORE FINANCIAL STATEMENTS

28. 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.

		2015/16 £000	2014/15 £000
Building Control Charging Account	Turnover	(449)	(450)
	Expenditure	505	514
	(Surplus)/Deficit	56	64
Trade Refuse & Recycling	Turnover	(3,305)	(2,836)
	Expenditure	2,763	1,710
	(Surplus)/Deficit	(542)	(1,126)
Estates	Turnover	(683)	(718)
	Expenditure	685	715
	(Surplus)/Deficit	2	(3)
Net Surplus on Trading Operations		(484)	(1,065)

29. 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 2014/15, additional funding was received specifically for additional Pot Hole Maintenance work.

	2015/16 £000	2014/15 £000
Routine Maintenance Expenditure	1,337	1,527
Additional Funding	-	185
Net Expenditure Recharged through the Agency Arrangement	1,337	1,712

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.

30. Members' Allowances

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

	2015/16 £000	2014/15 £000
Members' Allowances		
Allowances	347	326
Expenses	2	3
Total Payments	349	329

NOTES TO THE CORE FINANCIAL STATEMENTS

31. 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	2015/16	141,159	182,127	323,286
	2014/15	144,232	29,712	173,944
Executive Director, City Regeneration	2015/16	114,591	23,606	138,197
	2014/15	112,897	23,257	136,154
Executive Director, Community Services	2015/16	114,591	23,606	138,197
	2014/15	112,897	23,257	136,154
Executive Director, Organisational Development and Corporate Services	2015/16	114,591	23,606	138,197
	2014/15	112,897	23,257	136,154
Head of Law & Governance/Monitoring Officer	2015/16	87,003	18,800	105,803
	2014/15	85,673	17,686	103,359
Head of Financial Services/Section 151 Officer	2015/16	89,820	18,503	108,323
	2014/15	85,723	17,659	103,382

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 2015/16	Number of employees 2014/15
£50,000 - £54,999	17	13
£55,000 - £59,999	8	4
£60,000 - £64,999	6	11
£65,000 - £69,999	9	2
£70,000 - £74,999	2	-
£75,000 - £79,999	1	2
£80,000 - £84,999	1	2
£85,000 - £89,999	3	2
£90,000 - £94,999	-	1
£95,000 - £99,999	-	1
£100,000 - £104,999	1	-
Total Number of Employees	48	38

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	
	2015/16 Nos	2014/15 Nos	2015/16 Nos	2014/15 Nos	2015/16 Nos	2014/15 Nos	2015/16 £000	2014/15 £000
£0- £20,000	-	-	14	31	14	31	66	184
£20,001- £40,000	-	-	4	1	4	1	120	25
£40,001- £60,000	-	-	1	-	1	-	50	-
£60,001- £80,000	-	-	1	-	1	-	73	-
Total	-	-	20	32	20	32	309	209

NOTES TO THE CORE FINANCIAL STATEMENTS

32. 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:

	2015/16 £000	2014/15 £000
External Audit	93	114
Audit Commission Rebate	-	(14)
Certification of Grant Claims & Returns	29	34
Total	122	134

33. Grant Income

The Council has credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

Grants Credited to Taxation and Non Specific Grant Income

	2015/16 £000	2014/15 £000
National Non-Domestic Rates	7,106	5,019
Revenue Support Grant	4,462	6,341
LEP - for Oxpens	3,520	-
New Homes Bonus	2,453	2,038
Community Infrastructure Levy	2,038	1,400
HCA Funding - Affordable Housing	1,172	221
DCMS Broadband Delivery UK	672	125
Disabled Facilities Grant	501	456
Developer Contributions	356	835
Sport England	211	68
Environment Agency Funding	209	30
WREN Grant	139	-
AVIVIA Old Fire Station bond	75	-
Football Foundation	20	79
New Growth Points	-	633
Waste Recycling Environmental Ltd Grant	-	123
Barton Adventure Play Park	-	25
Total	22,934	17,393

NOTES TO THE CORE FINANCIAL STATEMENTS

Grants Credited to Services	2015/16 £000	2014/15 £000
Housing Benefits Grant	63,747	64,675
Sports England - Sports Grants	805	847
Waste & Recycling DCLG recycling reward scheme	350	-
DCLG Fraud Hub	271	136
DWP Discretionary Housing Payments	271	465
Local Council Tax Support Administration Subsidy	144	-
Community Partnership Fund	121	38
Cabinet Office General Elections Grant	118	-
Positive Futures Grant	106	-
CO Individual Electoral Registration Grant	105	149
DCLG Land Charges Litigation Costs	104	-
Universal Credits	98	-
European Social Fund Grant	91	151
DEFRA Repairs & Renewals Grant	90	53
Home Improvements (Supporting People)	84	49
Contributions to Dance Development	59	24
Contribution to SALIX	50	161
DWP Housing Benefit New Burdens Grant	50	-
Community Sport Activation Fund Grant	37	4
Local Council Tax New Burdens	31	-
Contribution towards Station Business Costs	30	-
Contribution towards City Centre Manager	30	-
DWP grant funding	27	-
DCLG Fraud & Error Reduction Incentive Scheme	26	14
Contributions to Severe Weather Emergency Provision	24	-
Contributions to Christmas Lights Festival	24	11
Contribution to Cross District Services	24	24
Contribution towards District Data Analysis	24	22
Contributions to Museum of Oxford	21	27
Comune Di Prato Insport Project	21	-
Rural Payments Agency Environmental Stewardship	19	23
DFT Office for Low Emission Vehicles Grant	17	4
European Capital of innovation	16	-
Aspire Funding	11	29
Contribution to Heritage Projects	10	-
DCLG Local Authority Transparency Code	8	6
UrbanData2Decide Project	8	-
Street Games	8	-
Inspire Annex 111 Section 31 Grant	7	-
HO Asset Recovery Incentivisation Scheme	7	-
Council Tax Flood Relief Grant	6	14
Miscellaneous Contributions	5	-
Clore Foundation Grant	5	11
Heritage Lottery Fund Grant	4	-
Contributions towards Engineering Works	3	-
DCLG funding - Right to Move Quota	3	-
Contributions to Cemeteries	3	4
Carbon Management	3	-
DWP Contribution towards Academy Upgrade	1	-
Oxfordshire Total Refit	-	363
NNDR Admin Grant	-	217
Local Council Tax Support	-	155
Housing Fraud Investigation	-	100
Localising Council Tax New Burdens	-	92
S31 Rogue Landlord - Unlawful Dwellings	-	90
Welfare Reform Grant	-	50
Arts Council Funding	-	45
Welfare Reform Changes 2014/15	-	42
Interim Management Order	-	31
Heritage Conservation Fund	-	15
Mayday Trust Project	-	12
DCLG New Places of Growth	-	10
Contributions to Sports Development	-	9
DCLG Community Right to Challenge Grant	-	9
DCLG Assets of Community Value	-	8
Staff Awards sponsorship	-	5
English Heritage Oxford Heritage Asset Register	-	4
Oxford Archaeology Grant	-	3
Contributions to Parks Services	-	3
Total	67,127	68,204

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

	2015/16 £000	2014/15 £000
Developer Contributions	2,609	3,200
DFT OLEV Go Ultra Low Oxford	800	-
HCA Growth Fund Grant	302	302
Total	3,711	3,502

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

	2015/16 £000	2014/15 £000
Sport England funding	438	474
DCLG Fraud Hub Grant	295	124
Revenues & Benefits Grant	134	-
DECC Heat Networks Delivery Unit Grant	128	128
DFT Clean Bus Technology Fund	50	50
DECC 12/13 Grant (Pioneer Places)	48	18
DEFRA Low Carbon Framework Grant	44	44
DEFRA Air Quality Grant	33	33
DCLG FERIS Grant	26	14
DCLG Grant	24	-
DEFRA Contaminated Land Grant	19	19
I-Tree Project	18	-
DFT OLEV (Go Ultra Low Oxford)	16	-
OPT LMS Swingbridge Restoration	10	-
LGA Economic Growth Advisor	7	7
National Lottery Funding	7	6
HO Investigations ARIS grant	7	-
Heritage Conservation Fund	5	15
Legal Practice Certificate Grant	-	53
CO Individual Electoral Registration Grant	-	32
HIA Supporting People Grant	-	19
ACE Museum 40th Anniversary grant	-	13
DCLG Fraud Investigations	-	12
StreetGames	-	1
Total	1,309	1,062

NOTES TO THE CORE FINANCIAL STATEMENTS

34. 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.

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 27 (page 62). Grant receipts outstanding at 31 March 2016 are shown in Note 33 (page 66).

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 30 (page 64).

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 £87,000 was paid to a voluntary organisation of which two members close family are trustees. A grant of approximately £198,000 was paid to another voluntary organisation of which a member is a trustee. 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 and the Oxford West End Development Company (OxWED), an joint venture with Nuffield College set up to facilitate regeneration of the Oxpens area of Oxford. The OxWED company received a loan from the Council of £6.55 million which was agreed through the Council's normal governance processes. There is also a senior officer who is an appointed Director of the Low Carbon Hub, which received a loan of approximately £132,000 from the Council in the financial year (against a total approved facility of £1.6 million).

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.
- Oxfordshire County Council - the Council utilises ICT service provided by Oxfordshire County Council, for a period ending 31 March 2016.
- Fusion Lifestyle - The Council has a contract with Fusion Lifestyle a social enterprise with charitable status to manage and develop the Council's seven public leisure facilities.
- Barton Oxford LLP – an arms length company set up between the Council and Grosvenor Developments Limited to facilitate new housing in Barton.
- Local Boards and Trusts – Officers and Members represent the Council on various organisations. There are no material transactions beyond those declared above.
- Visit Oxfordshire - the Council works closely with Visit Oxfordshire to provide tourism across the city.

NOTES TO THE CORE FINANCIAL STATEMENTS

35. 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).

	2015/16 £000	2014/15 £000
Opening Capital Financing Requirement	220,706	220,550
Capital Investment		
Property Plant and Equipment	22,090	45,627
Investment Properties	1,252	515
Intangible Assets	460	235
Long Term Capital Debtors	7,000	-
Revenue Expenditure Funded from Capital under Statute	1,907	2,335
Total Capital Spend	32,709	48,712
Sources of Finance		
Capital Receipts	(9,765)	(17,763)
Government Grants and other Contributions	(7,043)	(11,298)
Sums Set Aside from Revenue	(7,724)	(19,475)
Major Repairs Reserve	(8,177)	-
Minimum Revenue Provision	(37)	(20)
Sources of Finance Total	(32,746)	(48,556)
Closing Capital Financing Requirement	220,669	220,706
Explanation of Movements in Year		
(Increase) in Underlying Need to Borrow (unsupported by Government Financial Assistance)	-	(156)
Decrease in Underlying Need to Borrow (unsupported by Government Financial Assistance)	37	-
(Increase)/Decrease in Capital Financing Requirement	37	(156)

36. 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 2016 £000	31 Mar 2015 £000
Other Land and Buildings	7,591	7,652
Vehicles, Plant, Furniture and Equipment	147	181
Total	7,738	7,833

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2016 £000	31 Mar 2015 £000
Finance lease liabilities (net present value of minimum lease payments)		
- Current	55	52
- Non Current	103	158
Finance Costs Payable in Future Years	117	125
Minimum Lease Payments	275	335

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 2016 £000	31 Mar 2015 £000	31 Mar 2016 £000	31 Mar 2015 £000
Not later than one year	60	60	55	52
Later than one year and not later than five years	51	109	43	98
Later than five years	164	166	59	59
Total	275	335	157	209

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 2015/16 there were no contingent rents payable by the Council (£148,308 in 2014/15)

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:

	31 Mar 2016 £000	31 Mar 2015 £000
Operating Leases		
Not later than one year	437	810
Later than one year and not later than five years	696	1,282
Later than five years	1,439	1,678
Total	2,572	3,770

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

	31 Mar 2016 £000	31 Mar 2015 £000
Minimum lease payment	1,091	1,475
Contingent rent	427	474
Sublease payment receivable	(31,676)	(32,012)
Total	(30,158)	(30,063)

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2016 £000	31 Mar 2015 £000
Finance Lease debtor (net present value of minimum lease payments)		
- Current	7	7
- Non Current	60,113	59,399
Unguaranteed Residual Value of Property*	4,064	2,773
Gross Investment in the Lease	64,184	62,179

* 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 2016 £000	31 Mar 2015 £000	31 Mar 2016 £000	31 Mar 2015 £000
Not later than one year	7	7	7	7
Later than one year and not later than five years	30	30	30	30
Later than five years	64,147	62,142	60,083	59,369
Total	64,184	62,179	60,120	59,406

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 2015/16 about £73,000 was receivable by the Council (2014/15 £121,000). The increase in the non-current debtor gross investment in lease and minimum lease payments later than five years is due to a new finance lease on the Westgate Shopping Centre.

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:

	31 Mar 2016 £000	31 Mar 2015 £000
Operating Leases		
Not later than one year	6,181	5,647
Later than one year and not later than five years	19,104	18,729
Later than five years	60,493	51,971
Total	85,778	76,347

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

In 2015/16 £1.53 million contingent rents were received by the Council (£1.58 million in 2014/15).

NOTES TO THE CORE FINANCIAL STATEMENTS

37. Impairment Losses

Impairment losses during 2015/16 are included in Note 11 (page 44).

38. 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 £355,000 curtailment costs during 2015/16 included in the IAS19 report. 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 £10,000, 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.

	2015/16 £000	2014/15 £000
Opening Balance	24	70
New termination costs in year	-	20
Less costs removed in year	(10)	(66)
Closing Balance	14	24

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 31 (page 65). 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 2015/16, incurring total costs of £309,000 (£209,000 in 2014/15).

NOTES TO THE CORE FINANCIAL STATEMENTS

39. 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	
	2015/16 £000	2014/15 £000
Cost of Services		
Current Service Cost	9,450	7,265
Past Service Costs	-	-
Administration Expenses	129	196
Financing and Investment Income and Expenditure		
Interest Cost	4,676	4,666
Total Post Employment Benefit Charged to the Surplus/(Deficit) on the Provision of Services	14,255	12,127
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)	7,133	(14,038)
Other actuarial gains/(losses) on assets	-	-
Changes in Financial Assumptions	(25,705)	47,205
Actuarial gains and losses arising on the change of demographic assumptions	-	-
Experience loss/(gains) on defined benefit obligation	18	41
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(18,554)	33,208
	2015/16 £000	2014/15 £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	(14,610)	(12,127)
Actual amount charges against the General Fund Balance for pensions in the year		
Employers' Contributions Payable to Scheme	7,558	7,388

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Account at 31 March 2016 is £52.05 million loss. (£70.6 million loss as at 31 March 2015).

NOTES TO THE CORE FINANCIAL STATEMENTS

c) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and discretionary benefit liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the Council Fund based on the latest valuation of the scheme as at 31 March 2016 is set out below.

The principal assumptions used by the actuary are:

	2015/16	2014/15
Long-term Expected Rate of Return on Assets in the Scheme:		
Equity Investments	7.10%	6.60%
Bonds	2.49%	2.46%
Average All	5.18%	5.18%
Mortality Assumptions:		
Longevity at 65 for Current Pensioners		
Men	23.3	23.3
Women	25.8	25.7
Longevity at 65 for Future Pensioners		
Men	25.6	25.5
Women	28.1	28.0
Rate of Inflation		
RPI	3.30%	3.20%
CPI	2.40%	2.40%
Rate of increase in Salaries	4.20%	4.20%
Rate of Increase in Pensions	2.40%	2.40%
Rate for Discounting Scheme Liabilities	3.70%	3.30%
Take up option to convert annual pension to lump sum	50.00%	50.00%

Member 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.

Proportion of Assets Held	2015/16	2014/15
	%	%
Equity Investments	64	67
Debt Instruments	17	16
Other Assets	19	17
Total	100	100

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2015/16 £000	2014/15 £000
Opening Balance 1 April	359,903	298,885
Current Service Cost	9,450	7,265
Interest Cost	11,758	13,299
Contributions by Scheme Participants	2,323	2,232
Actuarial (Gains) and Losses from Changes in Financial Assumptions	(25,705)	47,205
Experience (Gain)/Loss on Defined Benefit Obligation	18	41
Benefits Paid	(9,401)	(8,528)
Past Service Cost Including Curtailments	355	-
Unfunded Pension Payments	(499)	(496)
Closing Balance 31 March	348,202	359,903

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

	2015/16 £000	2014/15 £000
Opening Fair Value of Scheme Assets 1 April	214,627	191,556
Interest Income	7,082	8,633
Return on Plan Assets Less Interest	(7,133)	14,038
Administration Expenses	(129)	(196)
Employers Contributions	7,558	7,388
Contributions by Scheme Participants	2,323	2,232
Settlements	(9,900)	(9,024)
Closing Balance 31 March	214,428	214,627

Pension Assets and Liabilities Recognised in the Balance Sheet

	2015/16 £000	2014/15 £000
Present Value of Liabilities		
Local Government Scheme	(339,799)	(350,929)
Fair Value of Assets in the Local Government Pension Scheme	214,428	214,627
Present Value of Unfunded Obligation	(8,404)	(8,974)
Surplus/(Deficit) in the Scheme	(133,775)	(145,276)

Sensitive 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 Mortality Age Rate Assumption	Plus 1 year to life	nil	Minus 1 year
Present Value of Total Obligation	358,787	348,202	337,938
Adjustment to Long Term Salary Increase	Plus 1%	nil	Minus 1%
Present Value of Total Obligation	348,740	348,202	347,666
Adjustment to Pension Increase and Deferred Revaluation	Plus 1%	nil	Minus 1%
Present Value of Total Obligation	354,018	348,202	342,491
Adjustment to Discount Rate	Plus 1%	nil	Minus 1%
Present Value of Total Obligation	342,039	348,202	354,482

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.

40. 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.

41. Contingent Assets

There are no Contingent Assets for 2015/16

42. 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 have only £0.17 million outstanding, and this is expected to be received almost in its entirety.

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 £64m as at 31 March 2016 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 2016 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 the provision of an Earmarked Reserve.

NOTES TO THE CORE FINANCIAL STATEMENTS

b) Liquidity Risk

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

c) Refinancing and Maturity Risk

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

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

The Council'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:

	2015/16 £000	2014/15 £000
Up to 1 year	14,020	26,119
Between 1 and 5 years	-	-
Between 5 and 10 years	40,000	20,000
Over 10 years	158,528	178,528
	212,548	224,647

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.

	2015/16 £000	2014/15 £000
Short Term Borrowing - Public Works Loan Board	-	895
Long Term Borrowing - Public Works Loan Board	198,528	198,528
Local Bonds	-	4
Finance Lease Liability	158	158
Cash	-	-
Creditors	14,020	25,220
	212,706	224,805
Amortised Cost	212,706	224,805
Fair Value	260,472	282,792

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.

	2015/16 £000	2014/15 £000
Short Term Investments	54,426	41,476
Long Term Investments	11,218	9,894
Cash	1,376	822
Debtors	13,180	22,689
Long Term Debtors	76,334	67,093
	156,533	141,974
Amortised Cost	157,711	143,206

All trade and other payables are due to be paid in less than one year. The figures in sections c,d,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 within a range of approximately 0.01%. A 1% increase or decrease in interest rates would impact up to £200,000 per year.

Price Risk – The Council has investments in a Property Fund, the unit price can fluctuate both up and down and is monitored closely by the Council. It 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 are no gains or losses recognised in the Consolidated Income and Expenditure Statement in relation to financial instruments in this financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- 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	2015/16		2014/15	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
PWLB Debt	198,528	246,294	199,423	245,525
Non - PWLB Debt	-	-	-	-
Total Debt	198,528	246,294	199,423	245,525
Trade Creditors	17,692	17,692	30,605	30,605
Total Financial Liabilities	216,220	263,986	230,028	276,130
Money Market Loans < 1year	54,426	54,563	41,476	41,476
Money Market Loans > 1year	11,218	12,574	9,894	11,126
Long Term Debtors	76,334	76,334	67,093	67,093
Trade Debtors	1,542	1,542	15,223	15,223
Total Loans and Receivables	143,520	145,013	133,685	134,918

NOTES TO THE CORE FINANCIAL STATEMENTS

43. Heritage Assets - Further Information

Book values of the heritage assets can be found in Note 12 to these accounts on page 48.

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.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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SUPPLEMENTARY FINANCIAL STATEMENTS

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HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

H1.1 Housing Revenue Account Income and Expenditure Statement

	Note	2015/16 £000	2014/15 £000
Expenditure			
Repairs & Maintenance		10,854	11,034
Supervision & Management		7,801	7,636
Rents, Rates, Taxes & Other Charges		132	111
Depreciation and Impairment of Non-Current Assets		15,070	13,194
Movement in the Allowance for Bad Debts (not specified by the Code)	H2.8	300	358
Total Expenditure		34,157	32,333
Income			
Dwelling Rents (Gross)		(42,809)	(40,722)
Non Dwelling Rents (Gross)		(51)	(26)
Charges for Services & Facilities		(2,764)	(2,455)
Revaluation Gain reversing impairment		-	-
Total Income		(45,624)	(43,203)
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(11,465)	(10,870)
HRA Services' share of Corporate and Democratic Core		173	190
Net Income for HRA Services		(11,292)	(10,680)
HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:			
(Gain)/Loss on Sale of HRA Fixed Assets		(72)	(3,208)
Interest Payable and Similar Charges		7,759	7,733
Interest and Investment Income	H2.6	(90)	(97)
Pensions Interest Cost and Expected Return on Pension Assets		-	117
(Surplus)/Deficit for the year on HRA Services		(3,695)	(6,135)

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

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

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

- the difference between the depreciation on HRA assets and the 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

	2015/16 £000	2014/15 £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	(3,695)	(6,135)
Adjustments between Accounting Basis and Funding Basis Under Statute		
- Difference between any other item of income and expenditure	1	(9)
- Gain or loss on sale of HRA non-current assets	72	3,208
- HRA share of contributions to or from the Pensions Reserve	(63)	(132)
- Capital expenditure funded by the HRA	-	10,108
- Transfer to/from the Major Repairs Reserve	(120)	896
- Transfer to/from the Capital Adjustment Account	(5,955)	(5,386)
Net Increase/(Decrease) before Transfers to or from Reserves	(9,760)	2,550
Transfer (to)/from Reserves	9,760	(2,550)
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

H2.1 Housing and Garage Stock Numbers

	2015/16	2014/15
Houses		
1 bedroom	277	278
2 bedrooms	836	841
3 bedrooms	2,873	2,862
more than 3 bedrooms	280	269
Flats		
1 bedroom	1,629	1,577
2 bedrooms	1,735	1,727
3 bedrooms	149	151
more than 3 bedrooms	5	4
Non Dwelling Properties		
Hostels	8	8
Overall Total	7,792	7,717
Summary of Changes in Stock	2015/16	2014/15
Stock at 1 April 2015	7,717	7,827
Less Sales	(32)	(47)
Additions	107	9
Stock at 31 March 2016	7,792	7,717
Garages and Parking Spaces	2015/16	2014/15
Garages Within Curtilage	214	272
Parking Spaces	328	45
Overall Total	542	317
Summary of Changes in Garages & Parking Spaces	2015/16	2013/14
Stock at 1 April 2015	317	2,602
Demolished/ Disposed	(83)	(5)
Additions to Parking Spaces	308	-
Stock at 31 March 2016	542	317

NOTES TO THE HOUSING REVENUE ACCOUNT

Following revaluation on 1 April 2015, the vacant possession value (EUV) of the Council's housing stock (Council Dwellings) amounted to £1,947 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 £626 million. At 31 March 2016, application of the social housing factor to the general housing stock resulted in a total value of £649 million.

The table below shows the HRA property values at appropriate measures of Fair Value as at 31 March 2016:

	2015/16 Cost or Valuation £000	2015/16 Depreciation £000	2015/16 Net Book Value £000	2014/15 Cost or Valuation £000	2014/15 Depreciation £000	2014/15 Net Book Value £000
Council Dwellings	648,892	(8,799)	640,093	572,389	(7,279)	565,110
Other Land and Buildings	3,765	(751)	3,014	2,693	(529)	2,164
Vehicles, Plant, Furniture and Equipment	-	-	-	-	-	-
Assets Under Construction	1,086	-	1,086	11,743	-	11,743
Surplus Assets not Held for Sale	512	(46)	466	567	-	567
Investment Properties	-	-	-	140	-	140
Assets Held for Sale	824	-	824	1,304	-	1,304
As at 31 March 2016	655,080	(9,596)	645,484	588,836	(7,808)	581,028

H2.2 Movement on the Major Repairs Reserve

	2015/16 £000	2014/15 £000
Opening Balance	-	-
Transfer from Capital Adjustment Account	(9,115)	(7,808)
Excess of Depreciation on Dwellings over Major Repairs Allowance	120	(896)
Financing of Capital Expenditure (MRA Applied)	8,177	8,704
Closing Balance	(818)	-

H2.3 Capital Expenditure and Financing

	2015/16 £000	2014/15 £000
Buildings	13,795	21,101
Revenue Expenditure Funded from Capital under Statute	-	33
Total Spend	13,795	21,134
Sources of Finance		
Major Repairs Reserve	8,177	8,704
Grants and Contributions	1,172	221
Capital Receipts	4,441	2,101
Revenue Contributions to Capital	-	10,108
Developer Contributions	5	-
Total Financing	13,795	21,134

NOTES TO THE HOUSING REVENUE ACCOUNT

H2.4 Capital Receipts Received

	2015/16 £000	2014/15 £000
Buildings	(4,020)	(6,588)
Total	(4,020)	(6,588)

H2.5 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 2015/16 there were no charges and in 2014/15 they were £33,185.

H2.6 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.

	2015/16 £000	2014/15 £000
Interest on Cash Balances	(90)	(97)
Total	(90)	(97)

The Housing Revenue Account was debited with Item 8 interest of £7.7 million in 2015/16, this relates to the proportion of the external interest relating to the Housing Revenue Account.

H2.7 Financial Reporting Standard (IAS) 19 – Pensions

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

The current cost of pensions amounting to £0.23 million has been charged to the HRA and the adjustment between accounting bases of £0.64 million applied to ensure the HRA is charged with the statutory sum related to the actual cost of pension provision in year (£0.17 million).

NOTES TO THE HOUSING REVENUE ACCOUNT

H2.8 Rent Arrears

	2015/16		2014/15	
	£000	% of total rents due	£000	% of total rents due
Arrears Details				
Current Tenants	1,143	2.67	1,042	2.53
Former Tenants	319	0.74	342	0.83
Overall	1,462	3.41	1,384	3.36
Total Rents due in Year	42,867		41,232	

	2015/16 £000	2014/15 £000
Doubtful Debt provision		
Opening Balance	472	417
Write-offs in Year	(229)	(247)
Additional Provision	226	302
Closing Balance	469	472

H2.9 Capital Commitments

<u>Description</u>	<u>Contractor</u>	2015/16 £000	2014/15 £000
Tower Blocks	Wilmott Dixon Energy Services	18,277	-
Windows and Doors	Nationwide	200	-
Tower Blocks	Arcadis	92	-
Roofing	GSR Contracting	60	-
Barton New Build Phase 1	Hills	-	11,328
Affordable Housing Programme	Leadbitter Group/EC Harris	-	2,433
Tower Blocks	EC Harris	-	134
External Adaptions	Fairfax Avenue	-	48
Communal Areas	DS and Pyrotec	-	-
Total HRA Capital Commitments		18,630	13,943

There is a change regarding the Barton New Build project which was originally intended to be funded from within the HRA. The intention now is for a wholly owned Council company to purchase the properties rather than the HRA and negotiations are currently underway. This project is therefore not intended to be a capital commitment for the HRA.

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 2015/16 £000	Council Tax 2015/16 £000	Total 2015/16 £000	Business Rates 2014/15 £000	Council Tax 2014/15 £000	Total 2014/15 £000
Income						
Council Tax Receivable	-	(74,203)	(74,203)	-	(71,329)	(71,329)
Business Rate Receivable	(88,507)	-	(88,507)	(83,805)	-	(83,805)
Sub Total	(88,507)	(74,203)	(162,710)	(83,805)	(71,329)	(155,134)
Expenditure						
Central Government share of PY Deficit/(Surplus)	87	-	87	(708)	-	(708)
Oxford City share of PY Deficit/(Surplus)	69	325	394	(567)	205	(361)
Oxfordshire County share of PY Deficit/(Surplus)	17	1,418	1,435	(142)	895	754
Police & Crime Commissioner share of PY Deficit/(Surplus)	-	188	188	-	119	119
Sub Total	173	1,931	2,104	(1,417)	1,219	(199)
Precepts, Demands and Shares						
Central Government Share	42,424	-	42,424	42,023	-	42,023
Oxford City Share	33,939	12,072	46,011	33,619	11,582	45,201
Oxfordshire County Precept Share	8,485	52,575	61,060	8,405	50,454	58,859
Police & Crime Commissioner share of PY Precepts Share	-	6,983	6,983	-	6,702	6,702
Sub Total	84,848	71,630	156,478	84,047	68,738	152,785
Disregarded Amounts						
Renewable Energy	22	-	22	-	-	-
Sub Total	22	-	22	-	-	-
Charges						
Transitional Protection due to Central Government	85	-	85	-	-	-
Write Offs	368	450	818	834	1,472	2,306
(Increase)/Decrease in Bad Debt Provision	276	149	425	(635)	(604)	(1,239)
(Increase)/Decrease in Provision for Appeals	652	-	652	9,763	-	9,763
Appeals charged to the Collection Fund	(530)	-	(530)	-	-	-
Cost of Collection	220	-	220	217	-	217
Disregarded amounts	-	-	-	-	-	-
Sub Total	1,071	599	1,670	10,179	868	11,047
(Surplus)/Deficit arising during year	(2,393)	(43)	(2,436)	9,004	(504)	8,500
(Surplus)/Deficit brought forward 1st April	10,503	(1,891)	8,612	1,499	(1,387)	112
(Surplus)/Deficit Carry forward	8,110	(1,934)	6,176	10,503	(1,891)	8,612

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 2015/16 was assessed at £5.682 million. The Council were required to pay to Central Government both the Central Share of £42.424 million plus the calculated tariff of £27.48 million. In addition we were required to pay £8.485 million to Oxfordshire County Council.

The local rateable value (2010 Rating List) as at 31 March 2016 was £229.0 million (£229.6 million at 31 March 2015). The multiplier for 2015/16 was set at 49.3 pence in the pound (48.2 pence for 2014/15).

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 2015/16 Council Tax including precepts was set at £283.00 for a Band D property (2014/15 £277.40)

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	2,444	1,133	6/9	755
B	9,182	5,018	7/9	3,902
C	18,826	13,416	8/9	11,926
D	15,737	11,936	9/9	11,936
E	6,859	5,181	11/9	6,332
F	2,796	2,393	13/9	3,457
G	3,220	2,841	15/9	4,735
H	580	355	18/9	710
	59,644	42,273		43,753
Crown Properties				-
Allowance of 2.5% for non-collection				(1,094)
Total				42,659

GROUP ACCOUNTS: INTRODUCTION AND BARTON OXFORD LLP

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.

The two ventures are as follows:

- Barton Oxford LLP
- Oxford West End Development Limited

The accounting requirement: "Accounting for Joint Boards IFRS 11" states the presentation requirements basis 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 as at 31 March 2016. 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.

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 2016 land had not been sufficiently developed to be purchased and sold to developers, therefore turnover was nil. 50% of the net liabilities of £17K have been incorporated in to the Council's Group Accounts.

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.

The Barton Oxford LLP has been established with Joint control and total expenditure up to 31 March 2016 was £17.625 million. Therefore a material organisation has been created and Group Accounts are required.

The accounting requirement: "Accounting for Joint Boards IFRS 11" states the presentation requirements basis 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 as at 31 March 2016. 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 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.

GROUP ACCOUNTS: BARTON OXFORD LLP

The first parcel of land will be 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	2015/16	2014/15
	£000	£000
Expenses	12	10
Operating (Surplus) / Loss	12	10
Interest receivable	(3)	(3)
Loss from continuing operations	9	7
Balance Sheet	2015/16	2014/15
	£000	£000
Non Current Assets	19,918	10,200
Debtors	428	354
Cash and cash equivalents	382	506
Current Assets	810	860
Amounts falling due within one year	(3,209)	(234)
Current Liabilities	(3,209)	(234)
Net Assets attributable to members	17,519	10,826

Members' interests

	Barton Oxford LLP as at 31 March 2016		
	Oxford City	Grosvenor	Total
	Share	D L Share	£000
	£000	£000	£000
Capital classified as a liability	1,060	16,492	17,552
Other reserves classified as equity	(17)	(17)	(34)
Members' Interests as at 31 March 2016	1,043	16,475	17,518

	Barton Oxford LLP as at 31 March 2015		
	Oxford City	Grosvenor	Total
	Share	D L Share	£000
	£000	£000	£000
Capital classified as a liability	1,007	9,843	10,850
Other reserves classified as equity	(12)	(12)	(24)
Members' Interests as at 31 March 2015	995	9,831	10,826

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

GROUP ACCOUNTS: OxWED

Oxford West End Development Limited (OxWED)

The 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.

The 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.

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 statement of accounts for the year ended 31 March 2016 are the first statement for the Company. The Company made a loss for the year of £0.109 million, and suffered a reduction in Investment property value of £0.521million. The total reduction in equity being £0.630 million.

Investing activities for the year ended involved the acquisition of Investment property of £13.021 million which was valued as at the 31 March 2016 at £12.500 million and therefore resulted in the fall in value of £0.521 million

Financial Information on OxWED

Profit & Loss Account	2015/16 £000
Other Income	(33)
Expenses	13
Operating (Surplus) / Loss	(20)
Interest charges	129
Loss from continuing operations	109
Devaluation of Investment Property	521
Other comprehensive expenditure	521
Total Comprehensive Income and Expenditure loss	630
Balance Sheet	2015/16 £000
Non Current Assets	12,500
Debtors	78
Cash and cash equivalents	51
Current Assets	129
Amounts falling due within one year	(159)
Current Liabilities	(159)
Net Assets attributable to members	12,470

GROUP ACCOUNTS: OXWED

Members' interest

	Oxford West End Development Limited as at 31 March 2016		
	Oxford City Share £000	Nuffield College Share £000	Total £000
Capital classified as a liability	6,550	6,550	13,100
Other reserves classified as equity	(315)	(315)	(630)
Members' Interests as at 31 March 2016	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

GROUP ACCOUNTS

Group Accounts

The Group Accounts consist of the following:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Notes to the Statement of Accounts
- Cash Flow

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

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

**GROUP ACCOUNTS: MOVEMENT IN RESERVES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

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

	Total Authority Reserves	Group Movements	Authorities share of Reserves including Group Operations
	£000	£000	£000
Balance at 31st March 2014 carried forward	494,238	(8)	494,230
Movement in Reserves during 2014/15			
Surplus/(Deficit) on the Provision of Services	45,860	(4)	45,856
Other Comprehensive Income and Expenditure	38,664	-	38,664
Total Comprehensive Income and Expenditure	84,524	(4)	84,520
Adjustments between Accounting Basis & Funding Basis under Regulations	0	-	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	84,524	(4)	84,520
Transfers (to)/from Earmarked Reserves	-	-	-
Increase/(Decrease) in 2014/15	84,524	(4)	84,520
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)	98,727
Total Comprehensive Income and Expenditure	107,624	(320)	107,305
Adjustments between Accounting Basis & Funding Basis under Regulations	-	-	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	107,624	(320)	107,305
Transfers (to)/from Earmarked Reserves	-	-	-
Increase/(Decrease) in 2015/16	107,624	(320)	107,305
Balance at 31st March 2016 carried forward	686,386	(332)	686,054

**GROUP ACCOUNTS: COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

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 100).

	2015/16 Oxford City Council			2015/16 Group CI&E			2014/15	
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Group Movements £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Net Expenditure
Central Services to the Public	3,322	(1,734)	1,588	-	3,322	(1,734)	1,588	1,964
Cultural Services	16,901	(4,352)	12,549	-	16,901	(4,352)	12,549	11,653
Environment and Regulatory Services	19,305	(7,012)	12,293	-	19,305	(7,012)	12,293	11,693
Planning Services	8,375	(7,104)	1,271	-	8,375	(7,104)	1,271	5,786
Highways and Transport Services	11,398	(10,387)	1,011	-	11,398	(10,387)	1,011	1,403
Local Authority Housing (HRA)	34,158	(45,623)	(11,465)	-	34,158	(45,623)	(11,465)	(10,870)
Other Housing Services	71,219	(67,466)	3,753	-	71,219	(67,466)	3,753	3,149
Corporate and Democratic Core	3,669	(23)	3,646	-	3,669	(23)	3,646	3,456
Non Distributed Costs	11,836	(987)	10,849	-	11,836	(987)	10,849	(129)
Cost of Services			35,495	-			35,495	28,105
Other Operating Expenditure			(642)				(642)	(43,784)
Financing and Investment Income and Expenditure			(8,151)	59			(8,092)	(682)
Taxation and Non-Specific Grant Income			(35,339)				(35,339)	(29,499)
(Surplus)/Deficit on Provision of Services			(8,637)	59			(8,578)	(45,860)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(79,077)	261			(78,817)	(71,872)
(Surplus)/Deficit on Available for Sale Financial Instruments			(1,356)				(1,356)	-
Actuarial (Gains)/Losses on Pension Assets and Liabilities			(18,554)				(18,554)	33,208
Other Comprehensive Income and Expenditure			(98,987)	261			(98,727)	(38,664)
Total Comprehensive Income and Expenditure			(107,624)	320			(107,305)	(84,524)

GROUP ACCOUNTS: BALANCE SHEET AS AT 31 MARCH 2016

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 2015/16 £000	Group 2015/16 £000	Group Movement 2015/16 £000	Group 2014/15 £000
Property, Plant & Equipment	782,643	782,643	-	718,366
Heritage assets	2,509	2,509	-	2,496
Investment Properties	110,856	110,856	-	100,871
Intangible Assets	1,181	1,181	-	1,030
Long Term Investments	11,218	18,511	7,293	9,882
Long Term Debtors	76,334	68,709	(7,625)	67,093
Long Term Assets	984,741	984,409	(332)	899,738
Short Term Investments	46,666	46,666	-	35,586
Assets Held for Sale	854	854	-	1,351
Inventories	817	817	-	773
Short Term Debtors	15,426	15,426	-	27,585
Cash and Cash Equivalents	9,136	9,136	-	6,712
Current Assets	72,899	72,899	-	72,007
Short Term Borrowing	-	-	-	(895)
Short Term Creditors	(26,692)	(26,692)	-	(36,441)
Current Liabilities	(26,692)	(26,692)	-	(37,336)
Long Term Creditors	(173)	(173)	-	(114)
Provisions	(8,100)	(8,100)	-	(7,902)
Long Term Borrowing	(198,528)	(198,528)	-	(198,534)
Other Long Term Liabilities	(134,050)	(134,050)	-	(145,607)
Capital Grants Receipts in Advance	(3,711)	(3,711)	-	(3,502)
Long Term Liabilities	(344,562)	(344,562)	-	(355,658)
Net Assets	686,386	686,054	(332)	578,750
Usable Reserves	(69,358)	(69,287)	71	(59,206)
Unusable Reserves	(617,028)	(616,767)	261	(519,544)
Total Reserves	(686,386)	(686,054)	332	(578,750)

GROUP ACCOUNTS: NOTES

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 the Barton Oxford LLP and the Oxford West End Development Company (OxWED). Oxford City Council are joint members of the LLP with Grosvenor Development Limited and are joint owners of OxWED with Nuffield College.

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.

OxWED

The OxWED financial statements have been prepared IFRS which is therefore directly compatible with the Oxford City Council accounts. The company was incorporated in January 2016 and so therefore there are no prior year comparatives.

Accounting Policies

Accounting Policies of Oxford City Council, the LLP and the Company have been considered to ensure the underlying accounting standards are compatible for the Group. In all respects the standards are compatible for 2015/16. 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 2015/16 the accounting policies are materially aligned.

Method of Consolidation

The method of consolidation adopted in the financial statements is to provide separate core financial statements consolidated on an Equity basis.

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 £1,059,694 as at 31 March 2016 (£1,007,980 as at 31 March 2015) these sums are included in the Council's Balance Sheet as a debtor and deferred capital receipt.

Oxford City Council provided a loan of £6.5 million to OxWED as a 50% contribution for the purchase of some land and working capital of £50,000. The loan for the land is expected to be repaid when development on the site has been completed and is therefore recorded in the Oxford City Council accounts as a long term debtor. The working capital loan is currently expected to be repaid within the year and therefore has been recorded as a short term debtor in the Oxford City Council accounts.

GROUP ACCOUNTS: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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 2015/16 £000	Group 2015/16 £000	Group 2014/15 £000
Net (Surplus)/Deficit on the Provision of Services	(8,986)	(8,986)	(45,860)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	(23,956)	(23,956)	10,707
Net Cash Flows from Operating Activities	(32,942)	(32,942)	(35,153)
Investing Activities	29,944	29,944	38,124
Financing Activities	574	574	490
Net (Increase)/Decrease in Cash and Cash Equivalents	(2,424)	(2,424)	3,461
Cash and Cash Equivalents at the Beginning of the Reporting Period	(6,712)	(6,712)	(10,173)
Cash and Cash Equivalents at the End of the Reporting Period	(9,136)	(9,136)	(6,712)

GROUP ACCOUNTS: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Operating activities within the Cashflow Statement include the following cashflows relating to Interest

Cash Interest Received
Cash Interest Paid

Total

Oxford City Council 2015/16 £000	Group 2015/16 £000	Group 2014/15 £000
952	952	772
(6,546)	(6,546)	(6,678)
(5,594)	(5,594)	(5,906)

Investing Activities

Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets
Purchase of Short-Term and Long-Term Investments
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets
Other Capital Cash Receipts in Advance

Total Cash Flows from Investing Activities

Oxford City Council 2015/16 £000	Group 2015/16 £000	Group 2014/15 £000
32,708	32,708	48,712
12,958	12,958	(191)
(6,381)	(6,381)	(6,758)
(9,341)	(9,341)	(3,639)
29,944	29,944	38,124

Financing Activities

Repayment of Long Term Borrowing
Other receipts from Financing Activities
Payments for the reduction of a Finance Lease Liability

Total Cash Flows from Financing Activities

Oxford City Council 2015/16 £000	Group 2015/16 £000	Group 2014/15 £000
908	908	718
(386)	(386)	(248)
52	52	20
574	574	490

Cash and Cash Equivalents

Cash Investments - regarded as Cash Equivalents
Bank Overdraft

Total Cash and Cash Equivalents

Oxford City Council 2015/16 £000	Group 2015/16 £000	Group 2014/15 £000
7,760	7,760	5,890
1,376	1,376	822
9,136	9,136	6,712

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ACCOUNTING POLICIES

ACCOUNTING POLICIES

AP. Accounting Policies

AP.1 General Principles

The Statement of Accounts summarises the Council's financial transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. 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 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Accounting Code of Practice 2015/16 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government and Finance Act 2003.

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.

AP.2 Accruals of Income and Expenditure

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

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

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

ACCOUNTING POLICIES

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

AP.3 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 an authority's cash management.

AP.4 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.

AP.5 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.

AP.6 Charges to Revenue and Non-Current Assets

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

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

The 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.

AP.7 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those falling due within 12 months of the year end) such as wages, salaries, paid annual leave, sick leave, bonuses and non monetary benefits for current employees, are considered as an expense in the year in which the employee renders the service to the 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. They are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post-employment Benefits

Employees of the 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, and projections of projected earnings for current employees.

ACCOUNTING POLICIES

- the liabilities are discounted to their value at current prices, using a discount rate of 3.7%. The discount rate is the annualised yield at the 19 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.

AP.8 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).

AP.9 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.

AP.10 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.

AP.11 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 Authorities 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 it Depreciated replacement Cost. The value will be reviewed every five years to ensure any potential material changes can be reflected. The asset has an indeterminate life in excess of 80 years and therefore will not be depreciated.

- Oxford City First Registration number plate

The Council's Mayor's Car carries the first registration plate issued in Oxford, and the plate is valued at market value. The value will be reviewed every five years to ensure any potential material changes can be reflected.

These assets are deemed to have an indeterminate life and high residual values, and the 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.

AP.12 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.

AP.13 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 material interests therefore in Barton Oxford LLP and OxWED Ltd and these joint ventures 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.

AP.14 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.

AP.15 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).

AP.16 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

AP.17 Overheads and Support Services

The cost of Overheads and Support Services are charged to those that benefit from the supply of services based on use and in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) Service Reporting Accounting Code of Practice 2015/16 (SeRCOP).

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

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

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

AP.18 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 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.

ACCOUNTING POLICIES

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).

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

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

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

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

ACCOUNTING POLICIES

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Disposals

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

AP.19 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

AP.20 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.

AP.21 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.

AP.22 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.

AP.23 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

AP.24 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

AP.25 Principal and Agent Accounting Policy

In the majority of transactions the Council undertakes it is acting entirely on its own behalf and completely owns any risks and rewards of the transaction. This is known as the Council acting as a Principal.

However there are some situations whereby the Council is acting as an Agent, where the Council is acting as an intermediary for all or part of a transaction or service. The two main instances where this occurs are in relation to Council Tax and Business Rates whereby the Council is collecting Council Tax and Business Rates income on behalf of itself and preceptors (Oxfordshire County Council, and other preceptors and the Department for Communities and Local Government (DCLG), and Oxfordshire County Council in relation to Business Rates).

The implications for this is that any balance sheet transactions at the year end, in relation to these Agent relationships, are split between the principal parties and, therefore, the balances contained on the Balance Sheet for a particular debt are the Council's own proportion of the debt and associated balances. The proportion of transactions that relate to the other parties to the relationship are shown as debtors or creditors due from/to these parties.

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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.

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.

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.

GLOSSARY OF TERMS AND ABBREVIATIONS

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.

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.

GLOSSARY OF TERMS AND ABBREVIATIONS

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 (NDR)

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. 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.

GLOSSARY OF TERMS AND ABBREVIATIONS

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.

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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 Authority's financial statements

We have audited the financial statements of Oxford City Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Oxford City Council and Group Movement in Reserves Statement,
- Oxford City Council and Group Comprehensive Income and Expenditure Statement,
- Oxford City Council and Group Balance Sheet,
- Oxford City Council and Group Cash Flow Statement,
- Related notes to support the financial statements 1 to 43,
- Housing Revenue Account Income and Expenditure Statement and related notes H1.1 to H2.9, and
- The 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 2015/16.

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 Oxford City Council and Oxford City 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 2015/16, 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 Oxford City 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 2015/16 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 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/ILASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 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

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the 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 Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

INDEPENDENT AUDITORS REPORT AND CERTIFICATE

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 2015, 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 2016.

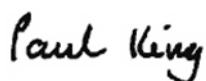
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Oxford City Council had put in place proper arrangements to secure economy, efficiency and effectiveness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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, 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 2016.

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.



Paul King
for and on behalf of Ernst & Young **LLP**, Appointed Auditor
Reading
28 September 2016

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Statement of Accounts 2015–2016

