

# Statement of Accounts



2018-2019



Building a world-class city for everyone



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# **FOREWORD**

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## INTRODUCTION

Welcome to Oxford City Council's Statement of Accounts for the year ending 31 March 2019.

The Statement of Accounts is a statutory document providing information on the cost of services provided by Oxford City Council to the council tax payer and the council house tenant and detailing how those services were financed. In addition, it provides information, within the Balance Sheet on page 26 of the value of the assets the Council owns and the liabilities that it owes. It is in essence, a statement of how well it has managed your money over the last twelve months.

The Statement provides, in accordance with International Financial Reporting Standards (IFRS), the accounts for the General Fund, Housing Revenue Account, Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of its Assets and Liabilities as at 31 March 2019. Other supporting statements are provided to help explain the figures in the accounts. In addition, a glossary can be found on pages 147 to 153 to help explain some of the technical terms.

On pages 97 to 125 the main Accounting Statements are replicated to incorporate the Group Accounts of the Council. These Group Accounts reflect the Council's financial position inclusive of its 50% share in Barton Oxford LLP, the Council's Joint Venture with Grosvenor Developments Limited; its 50% share in Oxford West End Developments Limited (OxWED), the Council's joint venture with Nuffield College, its 100% share of Oxford City Housing Limited (OCHL), its 100% share in Oxford Direct Services Limited (ODSL); and its 100% share in Oxford Direct Services Trading Limited (ODST).

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 2017/18.

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](mailto:blewis@oxford.gov.uk).

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

Nigel Kennedy  
Head of Financial Services (Section 151 Officer)

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

## STATEMENT OF RESPONSIBILITIES

### The Council's Responsibilities

The Council is required to:

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

### The Responsibilities of the Head of Financial Services (Section 151 Officer)

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

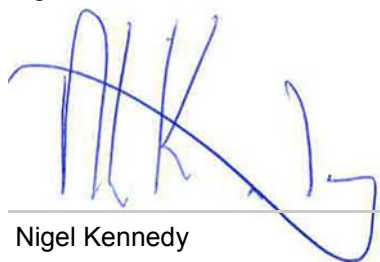
In preparing the Statement of Accounts, the Head of Financial Services (Section 151 Officer) has:

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent, and
- complied with the Local Authority Code.
- kept proper accounting records which are up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts as set out on pages 21 to 144 presents a true and fair view of the financial position of Oxford City Council as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

The unaudited Accounts were issued on 31 May 2019 and the audited accounts have been authorised for issue on 07 August 2019.

Signed

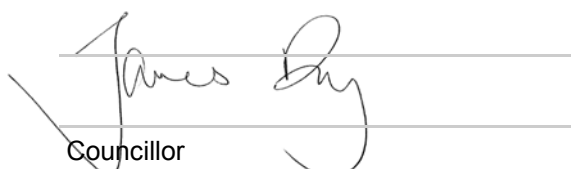


Nigel Kennedy  
Head of Financial Services (Section 151  
Officer)

Date

07 August 2019

Signed



Councillor  
Chair of Audit & Governance Committee

Date

07 August 2019



## NARRATIVE REPORT

### Purpose of the Narrative Report

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

### 1. The Statement of Accounts

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

- The Statement of Responsibilities, setting out the general responsibilities of both the City Council, and the Section 151 Officer (The Head of Financial Services). The Head of Financial Services has to sign a statement that the Accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for that year then ended (page 6 and page 26).
- The Core Financial Statements and the Expenditure and Funding Analysis (pages 21 to 27) and supplementary statements (pages 87 to 96) and group accounts (pages 97 to 124) incorporating:
  - a. A Movement in Reserves Statement (MIRS) - a statement used to adjust International Financial Reporting Standard accounting practice to Local Government proper practice to ensure the accounting changes do not impact on Council Tax and create any additional burden to the tax payer.
  - b. The Comprehensive Income and Expenditure Statement - a statement which incorporates all revenue income and expenditure relating to the year.
  - c. Expenditure and Funding Analysis - a statement that supports and provides more information on the Comprehensive Income and Expenditure Statement.
  - d. A Balance Sheet - which records all the assets and liabilities at the Balance Sheet date of 31 March.
  - e. A Cashflow Statement - a statement that shows the inflows and outflows of cash during the year reconciled to the year end cash position.
  - f. The Housing Revenue Account - a statement which brings together all transactions during the year in relation to the management and maintenance of the Council's 7,696 dwelling stock.
  - g. Collection Fund - a statement which brings together all transactions during the year relating to the collection of Business Rates and Council Tax income together with payments and receipts from Government and payments made to the preceptors; the County Council, Police and Crime Commissioner (Thames Valley) and Parish Councils.
  - h. Group Accounts - statements which reflect the Council's 50% interest with Grosvenor Developments Limited in a joint venture for the construction of dwellings at Barton, a 50% interest with Nuffield College in a joint venture for the regeneration of the West End area of Oxford, (OxWED) and the Council's wholly owned companies: Housing Company Group, Oxford City Housing Ltd (OCHL), Oxford Direct Services Limited (ODSL and Oxford Direct Services Trading Limited (ODSTL). The Council's share of the assets and liabilities of these entities 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 127 to 144).

## 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 £90.7 million as at 31 March 2019 and Unusable Reserves which are not 'cash backed' totalling £665.6 million.

The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (page 23). These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

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

#### **The Comprehensive Income and Expenditure Statement**

This Statement (page 23) shows the net cost in the year of providing services, which is £48.5 million, in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Expenditure and Financing Analysis and the supporting notes 6 and 7 (pages 24 and 37 to 38), provide further information on the income and expenditure in the Comprehensive Income and Expenditure Statement. The Comprehensive Income and Expenditure Statement reconciles back to the management accounts reported quarterly to the City Executive Board; further details and the outturn are discussed below.

#### **The Balance Sheet**

This statement (page 26) shows the value as at 31 March 2019 of the assets and liabilities recognised by the Council which are £757.6 million net. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The value of land and property has decreased through revaluations of property.

	<b>2018/19</b>	<b>2017/18</b>	<b>Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Value of Land and Property Owned	998,216	1,033,424	(35,208)
Cash Investments, Assets Held For Sale and Stock	101,986	89,873	12,113
Money the Council Owes	(471,873)	(411,303)	(60,570)
Money the Council is Owed	129,319	103,642	25,677
<b>Net Worth of Council at 31st March</b>	<b>757,648</b>	<b>815,636</b>	<b>(57,988)</b>

The primary reason for the increase in the money the Council owes is due to an increase in the pensions liability which is matched by an increase in the pensions reserve.

Reserves are reported in two categories:

- Usable Reserves - £90.7 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 and the earmarked reserves of £61.2 million which are primarily used to finance the capital programme).
- Unusable Reserves - £666.2 million - those reserves that the Council is not able to use to provide

## NARRATIVE REPORT

services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that reflect timing differences shown in the Movement in Reserves Statement line “Adjustments Between Accounting Basis and Funding Basis Under Regulations”.

### Cash Flow Statement

The Cash Flow Statement (page 27) shows the changes in Cash and Cash Equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses Cash and Cash Equivalents by classifying cash flows as operating, investing and financing activities.

The amount of ‘Net Cash Flows from Operating Activities’ is £11.2 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 decrease in Cash and Cash Equivalents between 2017/18 and 2018/19 is approximately £4.763 million due predominantly to a movement of resources to money market funds from short term investments; money market funds are instant access and are classified as a cash equivalent.

### The Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement (page 89) 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 95) 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 the collection of council tax and business rates and distribution of resources to local authorities and Government.

The Collection Fund Balance at the end of the year was a £3.2 million net surplus. This represents a £2.4 million surplus on Business Rates and a £0.8 million surplus on the Council Tax element respectively. The Council Tax balance is shared between Oxford City Council, Oxfordshire County Council, and the Police and Crime Commissioner (Thames Valley) in proportion to their precept. The Business Rates balance is shared between Central Government, Oxford City Council and Oxfordshire County Council in the percentages 50% / 40% / 10% respectively.

	<b>Business Rates</b>	<b>Council Tax</b>	<b>Total</b>
	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Oxford City Council	(973)	(128)	(1,101)
Oxfordshire County Council	(244)	(601)	(845)
Police and Crime Commissioner (Thames Valley)	-	(81)	(81)
Central Government	(1,217)	-	(1,217)
<b>Total (Surplus)/Deficit c/f</b>	<b>(2,434)</b>	<b>(810)</b>	<b>(3,244)</b>

## NARRATIVE REPORT

### 2. General Fund Outturn Position

The Council set a budget for spending on General Fund services of £22.098 million, to be financed by Grant funding of £0.630 million, Council Tax of £13.336 million and retained business rates of £8.132 million.

The Council Tax for a Band D property was set at £303.80 (including parish precepts), a 2.98% increase for the City Council Tax on the previous year.

The table below shows the Council's outturn position at service level against the latest budget: a favourable position of £0.611 million. This was transferred to Earmarked Reserves to fund future capital schemes.

	Net Approved Budget 2018/19 £'000	Net Revised Budget 2018/19 £'000	Net Expenditure 2018/19 £'000	Variance 2018/19 £'000
Assistant Chief Executive	720	356	291	(65)
Housing Services	5,249	5,541	5,647	106
<b>Assistant Chief Executive</b>	<b>5,969</b>	<b>5,897</b>	<b>5,938</b>	<b>41</b>
Regeneration and Economy	(9,474)	(9,609)	(10,141)	(532)
<b>Regeneration and Economy</b>	<b>(9,474)</b>	<b>(9,609)</b>	<b>(10,141)</b>	<b>(532)</b>
Planning, Sustainable Development and Regulatory	1,937	1,851	2,446	595
Community Services	5,826	6,566	6,469	(97)
Direct Services	9,630	10,903	11,524	621
<b>Sustainable City</b>	<b>17,393</b>	<b>19,320</b>	<b>20,439</b>	<b>1,119</b>
Transformation	178	245	245	-
Business Improvement	8,678	9,060	9,113	53
Financial Services	3,256	3,461	3,443	(18)
Law and Governance	2,734	2,589	2,592	3
<b>Organisational Development &amp; Corporate Services</b>	<b>14,846</b>	<b>15,355</b>	<b>15,393</b>	<b>38</b>
<b>SLAs and Capital Charges</b>	<b>(3,655)</b>	<b>4,118</b>	<b>4,160</b>	<b>42</b>
<b>Total Service Expenditure</b>	<b>25,079</b>	<b>35,081</b>	<b>35,789</b>	<b>708</b>
Corporate Accounts and Contingencies	(2,981)	(12,068)	(10,654)	1,414
<b>Net General Fund Expenditure</b>	<b>22,098</b>	<b>23,013</b>	<b>25,135</b>	<b>2,122</b>
<b>Total Funding</b>	<b>22,098</b>	<b>23,013</b>	<b>25,746</b>	<b>2,733</b>
<b>Net (Surplus)/Deficit</b>	<b>-</b>	<b>-</b>	<b>(611)</b>	<b>(611)</b>
<b>Working Balance</b>	<b>(3,622)</b>	<b>(3,622)</b>	<b>(3,622)</b>	<b>-</b>

The key variances across the Directorates are:

#### Assistant Chief Executive

- **Assistant Chief Executive** – year end favourable variance of £0.065 million, due to salary recharges for work undertaken on the Growth Board, offset by some additional expenditure on consultation portals.
- **Housing Services** – year end adverse variance of £0.106 million, due to reduced income from garage rentals and the home choice scheme.

## NARRATIVE REPORT

### Regeneration & Economy

- **Regeneration and Economy** – year end favourable variance of £0.532 million, due to additional commercial property income relating to additional payments being received for the surrender of leases and dilapidations.

### Sustainable City

- **Planning, Sustainable Development & Regulatory** – year end adverse variance of £0.595 million, £0.357 million is due to the net expenditure on South Oxford Science Village, which is Oxford City Council's share of the cost of the project to date; £0.160 million due to Building Control additional spend on agency staff and £0.042 million to create a financial penalties reserve.
- **Direct Services** – year end adverse variance of £0.621 million, this is due to the budgeted Dividend payable to the Council from Oxford Direct Services Limited (ODSL) and Oxford Direct Services Trading Limited (ODSTL) of £1.357 million being agreed at £1.247 million, alongside the proceeds from the auction of vehicles of £0.100 million. There has also been a decline in car parking income at Oxpens and Worcester street, together with increased expenditure on business rates.

### Organisational Development and Corporate Services

- **Business Improvement** - year end adverse variance of £0.053 million, due to small overspends across the services.

### Corporate Accounts and Contingencies

This is showing an adverse variance of £1.414 million, the most significant variations of which are :

- **Local Cost of Benefits** - £0.317 million adverse variance due to insufficient budget allocated at the beginning of the year. This represents 0.6% of total spend on housing benefits;
- **Corporate and Democratic Core** - £0.106 million favourable variance, which represents an underspend on early retirement and pension costs;
- **Transfer to Capital reserve** - £0.346 million adverse variance, this line incorporates accounting entries relating to fixed assets including revaluations and depreciation, of which the corresponding entries are within the Service Level agreements and Capital charges line of the Revenue Account
- Investment income and Interest Payable - £1.411 million adverse variance, which mainly relates to the impairment of the Barton Land, and an accounting adjustment for reduction in the value of homes held in the National Homelessness Property Fund, these charges have partly been offset by reduced external borrowing interest arising from reduced borrowing to fund capital expenditure and accounting adjustments in respect of the revaluation of shared ownership mortgage debt.
- **Transfers to Earmarked Reserves** are showing a favourable variance of (£0.433) million, this line incorporates all movements to and from the Earmarked Reserves in year and at year end.

## NARRATIVE REPORT

### 3. Housing Revenue Account Outturn Position

The table below shows that the Housing Revenue Account has a favourable variance of (£3.716) million above the original budgeted deficit of £1.440 million.

	Net Approved Budget 2018/19 £'000	Net Revised Budget 2018/19 £'000	Net Expenditure 2018/19 £'000	Variance 2018/19 £'000
Dwelling Rent	(41,352)	(41,551)	(41,672)	(121)
Service Charges	(1,580)	(1,831)	(2,015)	(184)
Garage Income	(215)	(215)	(231)	(16)
Miscellaneous Rent	(783)	(853)	(895)	(42)
Right to Buy	(59)	(59)	(27)	32
<b>Income</b>	<b>(43,989)</b>	<b>(44,509)</b>	<b>(44,840)</b>	<b>(331)</b>
Management & Services (Stock Related)	9,730	9,068	9,023	(45)
Misc Expenditure (Not Stock Related)	227	(150)	(206)	(56)
Other Revenue Spend (Stock Related)	2,023	804	440	(364)
Bad Debt Provision	748	748	669	(79)
Responsive and Cyclical Repairs	12,081	12,768	12,351	(417)
Interest Paid	7,952	7,704	7,704	-
Depreciation	10,060	7,219	7,217	(2)
<b>Expenditure</b>	<b>42,821</b>	<b>38,161</b>	<b>37,198</b>	<b>(963)</b>
<b>Net Operating Expenditure / (Income)</b>	<b>(1,168)</b>	<b>(6,348)</b>	<b>(7,642)</b>	<b>(1,294)</b>
Appropriations	2,608	7,788	5,366	(2,422)
<b>Net (surplus)/deficit</b>	<b>1,440</b>	<b>1,440</b>	<b>(2,276)</b>	<b>(3,716)</b>
<b>Working Balance</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>-</b>

The majority of this variance arises from:

- **Dwelling Rent** – favourable variance of £0.121 million to reflect the increased income following the decline in RTB disposals and the movement of 171 properties to formula rent since the budget was set;
- **Services Charges** – favourable variance of £0.184 million, following those properties that have moved to formula rent for which the service charge has increased;
- **Other Revenue spend (stock related)** – favourable variance of £0.364 million represents an under-spend across a number of areas but all of which are due to the reductions in spend on the capital programme and reduction in associated revenue costs;
- **Responsive and Cyclical repairs** – favourable variance of £0.571 million due to less work being carried out on the maintenance element of the service contracts, however £0.154 million has been submitted as a carry forward for some of these costs to carry out the work in 2019/20. Therefore the net favourable variance is £0.417 million;
- **Total appropriations** – favourable variance of £2.422 million due to the reduced funding required for the Capital Programme, arising from slippages on projects.

## NARRATIVE REPORT

### 4. Capital Outturn Position

The table below shows capital expenditure for the year was £42.533 million compared to a revised budget forecast in February 2019 of £52.932 million. The total variance of £10.399 million compared to the latest budget is made up of £0.092 million of underspent schemes and £10.489 million of slippage into future years. Some of the main areas of slippage are ICT Projects (£1.432m); Phase 1 Affordable Housing at Barton Park (£2.528m); Housing company loans (£0.907m); Development at Mortimer Drive (£1.559m)

	Original Approved Budget 2018/19 £'000	Latest Budget 2018/19 £'000	Spend to 31 March 2018/19 £'000
General Fund	83,498	36,970	28,944
Housing Revenue Account	22,203	15,962	13,589
<b>Grand Total</b>	<b>105,701</b>	<b>52,932</b>	<b>42,533</b>

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

#### General Fund

- **ICT projects (various)** – £1.432 million; Housing Replacement System, slipped £0.633 million due to delays on the project and a phased Go Live date; End point devices, slipped £0.591 million, contract signed, and roll out will start in May 2019; Bartec, underspent £0.037 million;
- **S106 funded schemes** - £0.068 million slippage across schemes on Woodfarm / Headington Community Centre, Headington Environmental improvements and Work of Art Shotover, all of which will be committed in 2019/20;
- **Major capital works at Oxford Covered Market** – £0.215 million slippage on work carried out in year to split some units and further work to improve the interior to be carried out in 2019/20; £0.231 million slippage on the Covered Market Roof, the project spans over four years and started in January 2019;
- **1 – 5 George Street** – £0.483 million slippage into 2019/20 whilst the scheme is under review;
- **Replace or refurbish lifts** – £0.154 million slippage into 19/20, this project has not been undertaken in 18/19;
- **Purchase of homeless Properties** – £0.249 million slippage – 41 properties completed some requiring capital works which is underway, remaining balance will purchase 2 further units when suitable properties are available. Total spend of £10 million will have funded the purchase of 43 properties;
- **Phase 1 Affordable Housing at Barton Park** - £2.528 million slippage, Hills development has started to deliver with 22 homes transferred to the Housing Company in 18/19 and further properties to transfer in April 2019;
- **Housing company loans** – slippage of £0.907 million due to reduced requirement from the Housing company to require the loans;
- **Purchase of Leasehold on Lucy Faithful house** – underspend of £0.074 million;
- **Stage 2 Museum of Oxford Development** – slippage of £0.097 million into 19/20, construction is on track to begin in July 2019 with RIBA stage 4 for construction complete;
- **Barton Community Centre** - £0.176 million overspend to date, with project due to complete in April 2019;
- **Horspath Sports Park** – Slippage of £0.666 million due to delays starting the work at the junction, this work will be carried out in early 19/20;
- **Five Mile Drive Pavilion** – slippage of £0.070 million, the business case has been approved and the order raised for the work to be carried out in early 2019/20;

## NARRATIVE REPORT

- **Motor Transport vehicle replacement programme** – slippage of £0.118 million due to slippage in delivery dates for some vehicles;
- **Recycling waste transfer station** – slippage of £0.298 million as the design work is now on hold pending the impact of the Depot rationalisation project;
- **Property Rationalisation (Depot Project)** – slippage of £0.215 million, feasibility work has been completed and Outline Business Case is being reviewed;
- **Feasibility Fund** – slippage of unallocated budget of £0.189 million into 19/20;

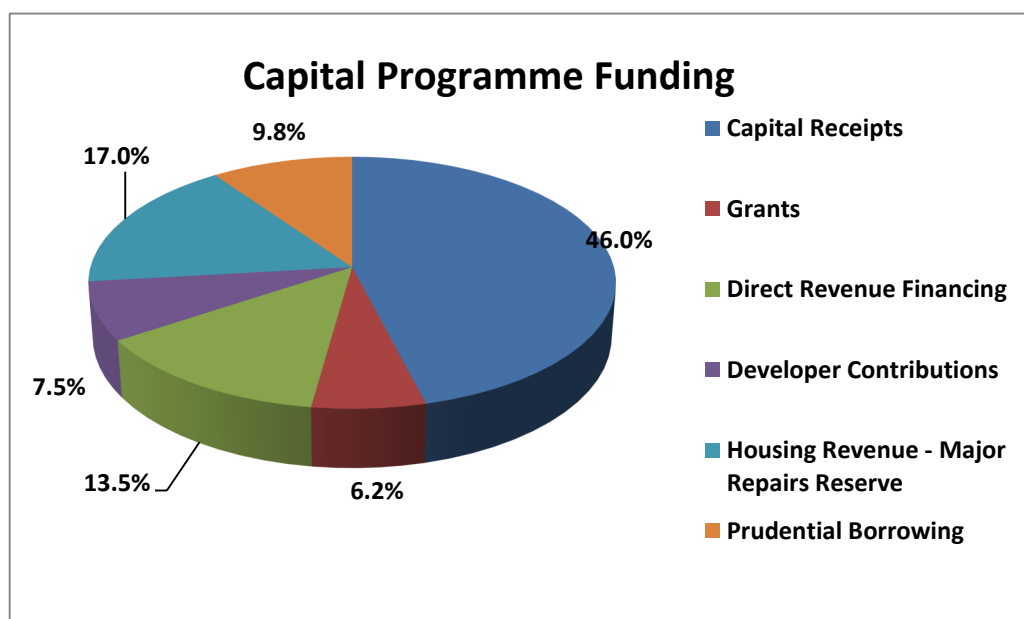
### HRA

- **Roofing** – £0.100 million slippage, final phase of 18/19 to be completed in early 2019/20;
- **Doors and windows** - £0.180 million slippage, budget being held and rolled forward for possible fire door works in 19/20;
- **Extensions & Major adaptations** - £0.155 million slippage for two properties that are currently in planning application stage;
- **Communal Areas** - £0.180 million slippage into 19/20 to continue the work following surveys and any legislative updates;
- **Lift replacement programme** - £0.147 million underspend on the scheme;
- **Compulsory purchase of property** - £0.137 million slippage, three extension projects are awaiting building survey works to be completed;
- **Blackbird Leys Regeneration** – £0.163 million slippage, to enable to continue to meet stakeholder expectations of works currently sat in differing stages.
- **Development at Mortimer Drive** - £1.559 slippage, scheme is at design stage, with planning permission granted. Tendering for the works is about to commence.

### **Funding the Capital Programme**

The General Fund Capital Programme spend totalled £28.944 million and was funded through a combination of Direct Revenue Financing (£3.837 million), Capital Receipts (£18.512 million), Grants (£1.522 million), Reserves (£1.903 million) and Developer Contributions (£3.170 million).

The Housing Capital Programme spend totalled £13.589 million and was funded through a combination of Capital Receipts (£1.080 million), Grants (£1.113 million), Major Repairs Reserve (£7.216 million) and Borrowing (£4.180 million).





## NARRATIVE REPORT

### 5. Material Items of Income and Expenditure

The Council's accounting policies are set out on pages 127 to 144 of the Statement of Accounts. These policies are largely unchanged from last year. However, there are some key events that have taken place over the year which have a material impact on the understanding of the Accounts. They are detailed as follows:

- **Pension Fund**

The Council's liability to provide for the cost of past employment benefits to staff has increased in the year ended 31 March 2019.

The liability reported as at 31 March 2018 was £171.00 million. The revised liability as at the 31 March 2019 is £210.17 million. The increase in liability is due to a number of factors, the most significant of which is an decrease in the fair value of assets within the pension fund scheme of £15.94 million.

An actuarial cost for 2018/19 of £24.88 million is reported as a cost on the Comprehensive Income and Expenditure Account, and is subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it has no General Fund Balance implications.

More information regarding the Defined Benefit Pension Scheme can be found in Note 40 of the Statement of Accounts (pages 82 to 85).

### 6. Current Borrowing Levels

The Council currently has external borrowing of £198.50 million with Public Works Loan Board. This was taken out in 2012 to facilitate the self-financing of the Housing Revenue Account and the first repayment of this borrowing is due in 2020/21.

### 7. Contingencies and Provisions

As at 31 March 2018 the Council had made provision for £7.820 million of expenditure likely to be incurred sometime in the future. Included in this figure are the following amounts:

- **Rent Deposit Scheme** - £1.772 million - this provision covers deposits paid on behalf of tenants placed in private rented properties by the Council.
- **Council Tax Court Costs** - £0.269 million - this provision is against outstanding court costs that have been raised against Council Tax arrears.
- **Provision for NNDR Appeals** - £4.827 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.
- **Insurance Provision** - £0.769 million - reflecting an actuarial estimate of the cost of insurance claims received but not yet paid.
- **Other** - a number of small miscellaneous provisions totalling £0.183 million.

### 8. Icelandic Banking Losses

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). The Council held the following remaining balances at 1 April 2018:

- **Glitnir** - There is was small remaining balance of approximately £106,000.
- **Heritable Bank** - There was a small remaining balance of £60,000.

These balances were written down to revenue in 2018/19 since the Council now deems these to irrecoverable.

## NARRATIVE REPORT

### 9. Group Accounts

#### Barton Oxford LLP

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

#### Oxford West End Development Company (OxWED)

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

#### Oxford Direct Services Limited (ODSL) and Oxford Direct Services Trading Limited (ODSTL)

ODSL and ODSTL are 100% owned group subsidiaries of the Council. The purpose of the companies is to provide construction and maintenance services to the Council and to external customers.

#### Oxford City Housing Limited (OCHL)

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

Under the Equity method of group accounting the Council's Group Balance Sheet records the Council's share of the OxWED and the Barton Oxford LLPs Net Assets. ODSL, ODSTL and OCHL are consolidated on a line by line basis because they are wholly owned by the Council. The net figure for all five entities as at 31 March 2019 is a net asset of £0.470 million.

Wholly Owned Entities: -

	ODSL 2018/19 £'000	ODSTL 2018/19 £'000	OCHL 2018/19 £'000	Sub-Total 2018/19 £'000
Council's share of Net Assets	6,041	363	4,381	10,785
Capital classified as a liability	(4,538)	-	(4,327)	(8,865)
<b>Council's Share shown in the Group Accounts</b>	<b>1,503</b>	<b>363</b>	<b>54</b>	<b>1,920</b>
			OCHL £'000	Sub-Total £'000
			-	-
Council's share of Net Assets			450	450
Capital classified as a liability			(1,054)	(1,054)
<b>Council's Share shown in the Group Accounts</b>			<b>(604)</b>	<b>(604)</b>

Joint Ventures and Total: -

	OxWED 2018/19 £'000	Barton LLP 2018/19 £'000	Sub-Total 2018/19 £'000	Total 2018/19 £'000
Council's share of Net Assets	9,310	-	9,310	20,095
Capital classified as a liability	(10,760)	-	(10,760)	(19,625)
<b>Council's Share shown in the Group Accounts</b>	<b>(1,450)</b>	<b>-</b>	<b>(1,450)</b>	<b>470</b>
	OxWED £'000	Barton LLP £'000	Sub-Total £'000	Total £'000
	-	-	-	-
Council's share of Net Assets	5,658	1,378	7,036	7,486
Capital classified as a liability	(6,600)	(1,171)	(7,771)	(8,825)
<b>Council's Share shown in the Group Accounts</b>	<b>(942)</b>	<b>207</b>	<b>(735)</b>	<b>(1,339)</b>

## NARRATIVE REPORT

The overall net assets of the entities shown on the Balance Sheets of the entities are split in proportion to the ownership of the entities. The amount shown in the Council's Group Accounts is the Council's share of net assets adjusted for entries that are already included in the Council's accounts to avoid double counting. This involves deducting the LLP's costs of acquiring land from Oxford City Council (£1.171 million) in respect of Barton and providing loans to OxWED (£10.660 million) and OCHL (£4.241 million). The City Council's Statement of Accounts also held a Long Term Debtor of £1.171 million in respect of original land value plus capitalised interest transferred from the City Council to the LLP (which has been impaired in full in 2018/19) and holds long term debtors of £12.284 million (£10.660 million for the purchase of the land, £0.100 million working capital and £1.524 million accrued interest) in respect of OxWED loan and net debtors for OCHL of £4.327 million (£4.241 million loan with the balance of accrued interest).

See pages 97 to 124 for more details on the Group Accounts.

### 10. Financial Prospects Looking Forward

#### General Fund

The 2018/19 outturn position was favourable with the Council having a surplus on its General Fund of £0.611 million in the year which was transferred into Earmarked Reserves largely to finance the Repairs and maintenance of Corporate buildings programme. Earmarked Reserves now stand at around £32 million with a further £3.6 million held in the General Fund working balance.

The Council's Medium Term Financial Plan for 2019/20 to 2022/23 agreed at Council in February 2019 estimated working balances to remain reasonably constant over the period moving between £3.6 million and £4.2 million.

To achieve this position a programme of savings, service reductions and increased fees and charges totalling £5.4 million is needed over the next four years. The Council has budgeted for contingencies to mitigate against non-delivery of efficiency savings using a risk based approach.

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

- Variations of actual income and expenditure against budget especially in volatile areas such as car parking, property investments and commercial property income
- Adverse reaction of businesses and property to Brexit
- Homelessness reserve is exhausted at a faster rate than expected
- Oxford Direct Services does not perform as well as planned leading to reduced dividend to the Council
- Pay negotiations are more than budgeted from April 2021 onwards
- Business Rates income is lower than forecast
- Planned review of Business Rates Retention and business rates reset under "fairer funding" adversely affect the Council more than forecast
- Uncertainty over New Homes Bonus grant going forward
- Investment Interest rates are lower than projected
- Reduced development activity in OCHL leading to less returns to the Council
- Slippage in the capital programme adversely effects revenue savings and additional income in the MTFP.

Pressure will also continue on the Council's income streams such as off-street parking, planning and licensing and with bank base rates at an all-time low, investment income earned will also continue to be suppressed.

## NARRATIVE REPORT

### Housing Revenue Account (HRA)

The Council is considering the future strategic direction of its HRA and its wholly owned housing company, OCHL, in relation to the supply of social housing, following the removal of the HRA debt cap in October 2018. The current recommendation is that social housing is developed in OCHL and subsequently sold to the HRA for future management. This de-risks the HRA from any adverse financial implications arising from future Government interference and provides an ongoing income source for OCHL.

The key risks to the balanced position of the HRA are:

- Increased rent arrears due to benefit changes arising from the roll out of Universal Credit
- Non-achievement of assumed Right to Buy sales now required to fund increased capital spend commitments.
- Non-achievement of planned efficiencies.
- Variations in estimates causing cash flow problems.
- Increased borrowing costs.

### Local Authority Trading Companies

#### OCHL

Oxford City Housing Company Group has commenced the purchase of social housing stock developed as part of the Barton Park development with 22 properties transferred to the Company in 2018/19. Following confirmation of the recommendation on the future strategic direction of the HRA referred to above, the Company will commence the sale of future social housing to the HRA. Surpluses in the Company are forecast to be made in the next few years.

#### ODS

The Council has set up two wholly owned Companies to deliver the work of the Council's Direct Services Department. One of these companies (Oxford Direct Services Limited) undertakes work relating to the Council's statutory responsibilities in respect of refuse and recycling, street cleaning, highways and building maintenance plus any associated small scale external trading and as such has received Teckal exemptions in respect of the procurement of such services. A small amount of work within the Teckal company is undertaken on a competitive trading basis, with surpluses arising from these traded activities, unlike the statutory services, being subject to corporation tax. The other company (Oxford Direct Services Trading Limited) pursues a more commercial approach commencing with trade waste without the legislative limitations placed on the Direct Services Department as part of the Council's organisational structure. The companies were originally expected to commence trading on 1 November 2017 but this was revised to 1 April 2018. In the first full trading year the Companies delivered £1.3 million dividend back to the shareholder in accordance with the Council's MTFP. The Council is currently considering a business case submitted by ODS which will return estimated dividends of around £3 million in 3 years' time, together with surplus land, back to the shareholder in exchange for a capital investment from the Council of £18 million.

#### OxWED

Oxford West End Developments Limited have undertaken a competitive process for a private sector partner to take the scheme through planning and the build stage and aims to exchange contract with the selected development partner before the end of the 2019 calendar year. 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, with dividends in respect of these sales forecast to be returned to the shareholders over the next 4 to 5 years.

## NARRATIVE REPORT

### Future Borrowing

The Council is planning to undertake significant borrowing over the next four year period predominantly to finance loans to Oxford City Housing Limited (OCHL) but also other capital spend, including an ODS investment, with the Capital Financing Requirement estimated to increase to around £0.328 million at the end of 2022/23 from 0.225 million at the end of 2017/18. Some of this will be funded from internal resources and some through external borrowing, most likely from the Public Works Loans Board. All loans will be secured against property and land purchased by the entities. Interest rates on the loans have been calculated by the Council to be state aid compliant.

### 11. Performance Management

The Council had thirteen Corporate Performance Indicators which it monitored and reported on during the year, these are listed below. Of the thirteen indicators, 10 (76.92%) achieved their target.

Measure	Target	Result for 2018/19
Net increase in number of businesses operating in the city	200	40
Number of jobs created or safeguarded in the city as a result of the City Council's investment and leadership	1,100	1,271
Amount of employment floor space permitted for development	15,000	12,747
The percentage of estimated HMOs in the City that are licenced	80%	80%
Number of new homes granted permission in the city	400	452
Percentage of major and non-major planning applications determined within target	1	1
Limit our use of temporary accommodation at 2015 levels	120	84
The number of people taking part in our youth ambition programme	4,500	6,155
Number of people using leisure centres	536,953	775,703
Percentage of adults who are physically active	65.00%	71.50%
Individual Electoral Registration (IER) household response rate	96.00%	96.08%
The reduction of the council's carbon footprint	429	446
The level of self-service transactions as a percentage of total contact with the Council	40%	37%

## 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 2018/19.

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

- visit our website at [www.oxford.gov.uk](http://www.oxford.gov.uk)
- send an e-mail to either:  
Head of Financial Services (Section 151 Officer) (Nigel Kennedy at [nkennedy@oxford.gov.uk](mailto:nkennedy@oxford.gov.uk)) or  
Financial Accounting Manager (Bill Lewis at [blewis@oxford.gov.uk](mailto: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, Janet Dawson at [jdawson1@uk.ey.com](mailto:jdawson1@uk.ey.com)

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

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**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED  
31 MARCH 2019**

This statement shows the accounting cost in year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (page 25).

	Note	2018/19			2017/18		
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Assistant Chief Executive		12,445	(6,587)	5,858	9,733	(5,072)	4,661
Regeneration & Economy		2,206	(2,983)	(777)	1,784	(2,457)	(673)
Sustainable City		44,251	(22,610)	21,641	75,574	(63,239)	12,335
Organisational Development & Corporate Services		18,404	(3,240)	15,164	17,612	(2,710)	14,902
Housing Revenue Account (HRA)		40,401	(44,823)	(4,422)	34,143	(44,739)	(10,596)
Service Level Agreements and Capital Charges		32,478	(24,784)	7,694	34,594	(24,339)	10,255
Corporate and Democratic Core		54,102	(50,069)	4,033	62,635	(58,259)	4,376
Actuarial Pension Adjustment - McCloud Ruling		3,719	-	3,719	-	-	-
<b>Cost of Services</b>		<b>208,006</b>	<b>(155,096)</b>	<b>52,910</b>	<b>236,075</b>	<b>(200,815)</b>	<b>35,260</b>
Other Operating Expenditure	10	1,657	(3,475)	(1,818)	1,887	(4,872)	(2,985)
Financing and Investment Income and Expenditure	11	12,049	(15,359)	(3,310)	12,462	(19,829)	(7,367)
Taxation and Non-Specific Grant Income	12	-	(33,324)	(33,324)	-	(40,445)	(40,445)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>7</b>	<b>221,712</b>	<b>(207,254)</b>	<b>14,458</b>	<b>250,424</b>	<b>(265,961)</b>	<b>(15,537)</b>
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets				18,648			(37,298)
(Surplus)/Deficit on Available for Sale Financial Instruments				-			(670)
Actuarial (Gains)/Losses on Pension Assets and Liabilities				24,882			(19,962)
<b>Other Comprehensive Income and Expenditure</b>				<b>43,530</b>			<b>(57,930)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>57,988</b>			<b>(73,467)</b>

The services shown above reflect the new management structure of the Council which was put in place in 2018/19. The Comprehensive Income and Expenditure Statement figures for 2017/18 have been amended to reflect this new structure in order to provide proper comparatives. The operational aspects of the Council's Direct Services Department was transferred into wholly owned companies at 1 April 2018.

## EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2019

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

	2018/19			2017/18		
	Net Expenditure GF & HRA £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure CI&E £'000	Net Expenditure GF & HRA £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure CI&E £'000
Assistant Chief Executive	5,858	-	5,858	4,661	-	4,661
Regeneration & Economy	(814)	(37)	(777)	(365)	308	(673)
Sustainable City	21,641	-	21,641	12,335	-	12,335
Organisational Development & Corporate Services	15,164	-	15,164	14,902	-	14,902
Housing Revenue Account (HRA)	(15,647)	(11,225)	(4,422)	(16,537)	(5,941)	(10,596)
Service Level Agreements and Capital Charges	(9,327)	(17,021)	7,694	(7,035)	(17,290)	10,255
Corporate and Democratic Core	4,537	504	4,033	4,874	498	4,376
Actuarial Pension Adjustment - McCloud Ruling	-	(3,719)	3,719	-	-	-
<b>Cost of Services</b>	<b>21,412</b>	<b>(31,498)</b>	<b>52,910</b>	<b>12,835</b>	<b>(22,425)</b>	<b>35,260</b>
Other Income and Expenditure	(27,802)	10,650	(38,452)	(12,730)	38,067	(50,797)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(6,390)</b>	<b>(20,848)</b>	<b>14,458</b>	<b>105</b>	<b>15,642</b>	<b>(15,537)</b>
Opening Balance (General Fund and HRA)	62,407			62,512		
Surplus/(Deficit) on General Fund and HRA Balance in Year	6,390			(105)		
<b>Closing Balance (General Fund and HRA)</b>	<b>68,797</b>			<b>62,407</b>		

The services shown above reflect the new management structure of the Council which was put in place in 2018/19. The Expenditure and Funding Analysis figures for 2017/18 have been amended to reflect this new structure in order to provide proper comparatives. The operational aspects of the Council's Direct Services Department was transferred into wholly owned companies at 1 April 2018.

**MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

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

Note	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Major Repairs Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31st March 2017 carried forward</b>	<b>3,622</b>	<b>36,738</b>	<b>4,000</b>	<b>18,152</b>	<b>-</b>	<b>5,907</b>	<b>5,732</b>	<b>74,151</b>	<b>668,018</b>	<b>742,169</b>
<b>Movement in Reserves during 2017/18</b>										
Surplus/(Deficit) on the Provision of Services	8,476	-	7,061	-	-	-	-	15,537	-	15,537
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	57,930	57,930
<b>Total Comprehensive Income and Expenditure</b>	<b>8,476</b>	<b>-</b>	<b>7,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,537</b>	<b>57,930</b>	<b>73,467</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	(8,790)	-	(6,852)	-	-	2,010	8,624	(5,008)	5,008	-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(314)</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>-</b>	<b>2,010</b>	<b>8,624</b>	<b>10,529</b>	<b>62,938</b>	<b>73,467</b>
Transfers (to)/from Earmarked Reserves	314	(314)	(209)	209	-	-	-	-	-	-
<b>Increase/(Decrease) in 2017/18</b>	<b>-</b>	<b>(314)</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>2,010</b>	<b>8,624</b>	<b>10,529</b>	<b>62,938</b>	<b>73,467</b>
<b>Balance at 31st March 2018 carried forward</b>	<b>3,622</b>	<b>36,424</b>	<b>4,000</b>	<b>18,361</b>	<b>-</b>	<b>7,917</b>	<b>14,356</b>	<b>84,680</b>	<b>730,956</b>	<b>815,636</b>
<b>Movement in Reserves during 2018/19</b>										
Surplus/(Deficit) on the Provision of Services	(12,783)	-	(1,675)	-	-	-	-	(14,458)	-	(14,458)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(43,530)	(43,530)
<b>Total Comprehensive Income and Expenditure</b>	<b>(12,783)</b>	<b>-</b>	<b>(1,675)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,458)</b>	<b>(43,530)</b>	<b>(57,988)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	11,415	-	9,433	-	-	(291)	(58)	20,499	(20,499)	-
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(1,368)</b>	<b>-</b>	<b>7,758</b>	<b>-</b>	<b>-</b>	<b>(291)</b>	<b>(58)</b>	<b>6,041</b>	<b>(64,029)</b>	<b>(57,988)</b>
Transfers (to)/from Earmarked Reserves	1,368	(1,368)	(7,758)	7,758	-	-	-	-	-	-
<b>Increase/(Decrease) in 2018/19</b>	<b>-</b>	<b>(1,368)</b>	<b>-</b>	<b>7,758</b>	<b>-</b>	<b>(291)</b>	<b>(58)</b>	<b>6,041</b>	<b>(64,029)</b>	<b>(57,988)</b>
<b>Balance at 31st March 2019 carried forward</b>	<b>3,622</b>	<b>35,056</b>	<b>4,000</b>	<b>26,119</b>	<b>-</b>	<b>7,626</b>	<b>14,298</b>	<b>90,721</b>	<b>666,927</b>	<b>757,648</b>

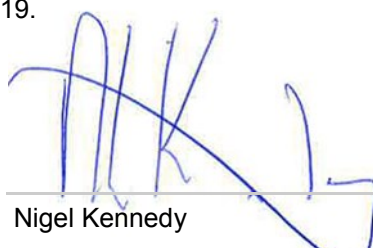
## BALANCE SHEET AS AT 31 MARCH 2019

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	2018/19 £'000	2017/18 £'000
Property, Plant & Equipment	13	865,675	904,290
Heritage Assets	14	2,898	2,898
Investment Properties	16	127,901	124,903
Intangible Assets	17	1,742	1,333
Long Term Investments	18	12,063	11,979
Long Term Debtors	18	101,621	85,283
<b>Long Term Assets</b>		<b>1,111,900</b>	<b>1,130,686</b>
Short Term Investments	18	72,500	61,166
Assets Held for Sale	23	3,467	6,789
Inventories	20	20	769
Short Term Debtors	21	27,698	18,359
Cash and Cash Equivalents	18 & 22	13,933	9,170
Contract Assets		3	-
<b>Current Assets</b>		<b>117,621</b>	<b>96,253</b>
Short Term Creditors	24	(41,562)	(29,832)
Contract Liabilities		(2,928)	-
<b>Current Liabilities</b>		<b>(44,490)</b>	<b>(29,832)</b>
Long Term Creditors	18	(514)	(185)
Provisions	25	(7,820)	(6,589)
Long Term Borrowing	18	(198,528)	(198,528)
Other Long Term Liabilities	18	(210,809)	(171,648)
Capital Grants Receipts in Advance	37	(9,712)	(4,521)
<b>Long Term Liabilities</b>		<b>(427,383)</b>	<b>(381,471)</b>
<b>Net Assets</b>		<b>757,648</b>	<b>815,636</b>
Usable Reserves	MIRS	(90,721)	(84,680)
Unusable Reserves	27	(666,927)	(730,956)
<b>Total Reserves</b>		<b>(757,648)</b>	<b>(815,636)</b>

The unaudited Accounts were issued on 31 May 2019 and the audited accounts were authorised for issue on 07 August 2019.

Signed

  
 \_\_\_\_\_  
 Nigel Kennedy  
 Head of Financial Services (Section 151  
 Officer)

Date

07 August 2019  
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## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

	2018/19 £'000	2017/18 £'000
Net (Surplus)/Deficit on the Provision of Services	14,458	(15,537)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	(25,670)	197
<b>Net Cash Flows from Operating Activities</b>	<b>(11,212)</b>	<b>(15,340)</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	21,981	37,541
Purchase of Short-Term and Long-Term Investments	16,995	20,794
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(18,687)	(9,488)
Other Capital Cash Receipts in Advance	(5,537)	(17,601)
<b>Total Cash Flows from Investing Activities</b>	<b>14,752</b>	<b>31,246</b>
Repayment of Long Term Borrowing	-	-
Other receipts from Financing Activities	(8,303)	(2,972)
Payments for the reduction of a Finance Lease Liability	-	-
<b>Total Cash Flows from Financing Activities</b>	<b>(8,303)</b>	<b>(2,972)</b>
<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>(4,763)</b>	<b>12,934</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period	(9,170)	(22,104)
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>(13,933)</b>	<b>(9,170)</b>

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# **NOTES TO THE CORE FINANCIAL STATEMENTS**

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## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Accounting Standards issued, but not yet adopted by the Code of Practice 2018/19

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

The International Financial Reporting Standards introduced or amended in the 2019-20 code are applicable from the 1 April 2019. The following disclosure provides information relating to the impact of accounting changes that will be required by the new accounting standards that have been issued but not yet adopted. The impact that initial application of the IFRS as adopted by the code is expected to be immaterial and have minimum effect on the authorities financial statements.

Paragraph 3.3.2.13 of the 2018/19 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards to be introduced in the 2019-20 code that are relevant requirements of paragraph 3.3.4.3 are:

- ♦ **Amendments to IFRS 9 Financial Instruments: Prepayments Features with Negative Compensation**

The Council will adopt the amendments to IFRS 9 with effect from 1 April 2019.

Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest.

The Council does not have any such Investments with other entities that would enable Negative compensation and does not intend to enter into any such agreements. Therefore the council does not expect the amendment in IFRS 9 to have a material impact.

- ♦ **Amendments to IAS 40 Investment Property: Transfer of Investment Property**

The Council will adopt the amendments to IAS 40 with effect from 1 April 2019.

The main changes include clarification that Investment Property not being developed do not require reclassification as Inventory Assets. Transfers of Investment Property can take place where a change of use occurs, and not on the basis of Management intention, transfer of assets can occur as soon as development commences if the development justifies re-classification. These amendments/clarifications are already operated by the Council. The Council does not expect these changes to have a material effect.

- ♦ **IFRIC 22 Foreign Currency Transactions and Advance consideration**

The Council will adopt IFRIC 22 with effect from 1 April 2019 although it will have limited application if any. The Council does not have any Foreign Currency transaction, and does not intend to enter any in future. Therefore the accounting for transactions of receipt or payment in advance as required by IFRIC 22 will have no impact. The Council does not expect these changes to have a material effect.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### ♦ IFRIC 23 Uncertainty over Income Tax Treatments

The Council will adopt IFRIC 23 with effect from 1 April 2019 although it will have limited application if any. IFRIC 23 is not relevant to an authority's single entity financial statements. The Council's Group entities will account for their own tax. When determining the taxable profit there may be uncertainty related to the outcome of the tax filing, and where this is true the requirement is to use the likely tax charge, based on the best prediction to the resolution of uncertainty. The Council does not expect these changes to have a material effect.

### ♦ Annual improvements to IFRS standards 2014-2016 Cycle

The Council will adopt annual improvements from the 1 April 2019.

There are three improvements:

- ♦ IFRS 1 First time adoption of IFRS's. The amendment is to delete some exemption which are historic. These will have no impact.
- ♦ IAS 28 Investment in Associates and Joint Venture. The amendment clarifies that elections to measure investments in Associates or a Joint Ventures at fair value through the profit and loss account is available on an investment by investment basis. This will have no impact.
- ♦ IFRS 12 Disclosure of Interests in Other Entities. The clarification is that disclosure of the risks associated with other Entities also applies to Assets Held for Sale and Discontinued Operations.

The Council does not expect these changes to have a material effect.

### In summary therefore:

- ♦ The application of these IFRSs, as adopted by this Code, is required from 1 April 2019;
- ♦ The date as at which the authority will adopt these IFRSs initially from 1 April 2019; and
- ♦ The impact that initial application of these IFRSs to be adopted by the Code is expected to be immaterial and have minimum effect on the authority's financial statements.

## 2. Critical Judgements in Applying Accounting Policies

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

### Icelandic Bank transactions

The Council had £4.5 million invested with two failed Icelandic banks, however, as at 31 March 2019, only £0.17 million remained outstanding. The outstanding funds are no longer reasonably anticipated to be received and have been written down to revenue in 2018/19.

### 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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 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 Barton LLP 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 expected to receive the capital receipt for the value in 2020. The latest projections from Barton Oxford LLP show that the Council will not receive payment for this land value or any other payments from the LLP. The debtor has therefore been impaired to revenue and a Movement on Reserves entry reflects the reversal from the General Fund to reduce the deferred capital receipt held in unusable reserves.

### Pension Fund Transactions

The Council has entered into an agreement with Oxford Direct Services Limited and Oxfordshire Pension Fund to the effect that the Council will bear the costs of all risks and uncertainties in relation to the LGPS pension fund operated for Oxford Direct Services Limited. Oxford Direct Services Limited will therefore account for its pension costs as if the fund is defined by contribution. All IAS19 pension transactions in relation to Oxford City Council and Oxford Direct Services Limited will therefore be accounted for in the Council's single entity accounts, excepting the contributions made by Oxford Direct Services Limited which will be accounted for in the accounts of that entity.

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

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

The items in the Council's Balance Sheet at 31 March 2019 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
Business Rates Appeals	<p>The Council is required to estimate the value of successful Business Rates appeals, and make a provision for possible successful appeals. The Council have taken a prudent approach and the level for the 31 March 2019 has been estimated in the Statement of Accounts. The total appeals provision for business rates as at 31 March 2019 is £12.07 million of which Oxford city share is £4.83 million.</p> <p>The Council has carried out sensitivity analysis on the data received from the Valuation Office to ensure that the provision is robust and evidence supports the level of this provision and has adjusted the data for known local factors.</p>	<p>If the assumption 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 £120,672. This would be split between the Council and Preceptors with 40% (£48,269) impacting the Council</p>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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 £10.7m in 2018/19, while approved budgets have been established in subsequent years to undertake major repairs and maintenance which underpin the assumptions made regarding the useful lives assigned to the assets.	If the useful lives of assets are reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that if the annual depreciation charge for assets were to increase by 1% the extra charge would amount to £126,610.
Rent Deposit Provision	The Council operates a rent deposit scheme which provides the deposit necessary for an eligible resident to occupy private rented accommodation. The deposit is repayable. The certainty of repayment is very difficult to estimate. The Council has continued to make a provision during 2018/19 and the total provision now stands at £1.772 million. The accumulated provision represents 85% of the outstanding deposits.	If the Council's provision were found to be inaccurate, providing for an additional 1% provision would amount to £17,723.
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the Discounted Cash Flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 13 and 16 below	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 2018/19. If DCF were to be applied, the significant unobservable inputs used in the fair value measurement will include management assumptions regarding rent growth, demand and vacancy levels and discount rates – adjusted for regional factors. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net pension's liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Hymans Robertson) is engaged to provide the Council with expert advice about the assumptions to be applied	The effects on the net pension's liability of changes in individual assumptions cannot be measured accurately. During 2018/19, the Council's actuaries advised that the net pension's liability had increased by £39.181 million. The total Pension deficit is £210.170 million as at 31 March 2019
Arrears	At 31 March 2019, the Council had a balance of short term debtors of £34.3 Million. A review of these suggested that an impairment of doubtful debts of £7.6 Million was appropriate. The net balance of debtors is therefore £26.7 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 £75,690 to be set aside as an allowance

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

General Fund		Collection Fund			Court Costs	
Sundry Debtors		Council				
		Tax	NDR			
Age of Debt	Provision	Year Debt Raised	Provision	Provision	Year Debt Raised	Provision
		2018/19	1.5%	25%	2018/19	40%
<1 Year	0%	2017/18	25.0%	25%	2017/18	45%
<2 Years	100%	2016/17	50.0%	50%	2016/17	65%
<3 Years	100%	2015/16	75.0%	75%	2015/16	65%
<4 Years	100%	2014/15	80.0%	80%	2014/15	85%
<5 Years	100%	2013/14	92.0%	92%	2013/14	85%
<6 Years	100%	2012/13	92.0%	92%	2012/13	85%
>6 Years+	100%	2011/12	92.0%	92%	2011/12	85%
		2010/11	92.0%	92%	2010/11	85%
		2009/10	94.0%	94%	2009/10	85%
		2008/09	96.0%	96%	2008/09	90%
		2007/08	97.0%	97%	2007/08	96%
		2006/07 & prior years	100.0%	100%	2006/07 & prior years	100%

#### 4. Material Items of Income and Expenditure

##### Pension Fund Actuarial Loss

The Pension Fund Actuary has reported an actuarial loss for 2018/19 of £26.089 million. This is reported as a loss in Other Comprehensive Income and Expenditure and therefore has no General Fund Balance implications.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Changes to Pension Costs Arising from Court Ruling

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

In December 2018 the Court of Appeal upheld a ruling ("McCloud / Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase to members' benefits, which in turn will give rise to a past service cost for the Fund employers.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Oxfordshire County Council Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate as it applies to Oxford City Council is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.75% higher as at 31 March 2019, an increase of approximately £3.7m.

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

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

### 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 07 August 2019. 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 2019, the figures in the Financial Statements and notes will be adjusted in all material respects to reflect the impact.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 6. Note to the Expenditure and Funding Analysis

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

	2018/19				2017/18			
	Adjustment for Capital Purpose £'000	Net Change for Pensions Adjustment £'000	Other Differences £'000	Total Adjustment £'000	Adjustment for Capital Purpose £'000	Net Change for Pensions Adjustment £'000	Other Differences £'000	Total Adjustment £'000
Assistant Chief Executive	-	-	-	-	-	-	-	-
Regeneration & Economy	(37)	-	-	(37)	308	-	-	308
Sustainable City	-	-	-	-	-	-	-	-
Organisational Development & Corporate Services	-	-	-	-	-	-	-	-
Housing Revenue Account (HRA)	(10,864)	(363)	2	(11,225)	(5,777)	(151)	(13)	(5,941)
Service Level Agreements and Capital Charges	(11,190)	(5,975)	144	(17,021)	(10,907)	(6,716)	333	(17,290)
Corporate and Democratic Core	-	500	4	504	-	494	4	498
Actuarial Pension Adjustment - McCloud Ruling	-	(3,719)	-	(3,719)	-	-	-	-
<b>Cost of Services</b>	<b>(22,091)</b>	<b>(9,557)</b>	<b>150</b>	<b>(31,498)</b>	<b>(16,376)</b>	<b>(6,373)</b>	<b>324</b>	<b>(22,425)</b>
Other Income and Expenditure	14,710	(4,741)	681	10,650	43,390	(5,113)	(210)	38,067
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(7,381)</b>	<b>(14,298)</b>	<b>831</b>	<b>(20,848)</b>	<b>27,014</b>	<b>(11,486)</b>	<b>114</b>	<b>15,642</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Expenditure and Income Analysed by Nature

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

	2018/19 £'000	2017/18 £'000
Employee Benefits Expenses	43,544	63,766
Other Service Expenses	118,203	126,822
Support Service Recharges	21,254	24,206
Depreciation, Amortisation & Impairments	25,820	22,123
Interest Payments	11,235	11,621
Precepts & Levies	116	346
Payment to Housing Capital Receipts Pool	1,540	1,540
<b>Total Expenditure</b>	<b>221,712</b>	<b>250,424</b>
Fees, Charges & Other Service Income	(89,125)	(127,897)
Interest & Investment Income	(4,688)	(6,130)
Income from Council Tax, Non Domestic Rates & District Rate Income	(25,829)	(21,481)
Support Service Recharges	(21,254)	(24,206)
Government Grants & Contributions	(62,883)	(81,275)
Gain on the Disposal of Assets	(3,475)	(4,972)
<b>Total Income</b>	<b>(207,254)</b>	<b>(265,961)</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>14,458</b>	<b>(15,537)</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

#### **General Fund Balance**

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

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

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

#### **Major Repairs Reserve**

The Council is required to maintain the Major Repairs Reserve (MRR), which was created to control the application of the "notional" Major Repairs Allowance (MRA) calculated having regard to DCLG's self-financing valuation for Oxford City Council. From 2017/18 the MRR is credited with the equivalent of the total in-year depreciation of Council Houses. The MRR is restricted to being applied to new capital investment on HRA assets, the repayment of HRA debt, or meeting liabilities under credit arrangements. The MRR is used to record a balance of usable capital resources.

#### **Capital Receipts Reserve**

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

#### **Capital Grants Unapplied**

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council have yet to incur or apply the expenditure. The grant terms restrict the application of expenditure and/or the financial year in which this can take place.

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**8. Adjustments between Accounting Basis and Funding Basis under Regulations 2018/19**

2018/19	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
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of Non-Current Assets	4,126	(1,289)	-	-	-	(2,837)
Movements in the market value of Investment Properties	(3,509)	-	-	-	-	3,509
Amortisation of Intangible Assets	436	-	-	-	-	(436)
Revaluation and Impairment charged to revenue	3,795	11,352	-	-	-	(15,147)
Revenue expenditure funded from Capital under Statute	2,833	801	-	-	-	(3,634)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	12,330	3,731	-	-	-	(16,061)
Impairments of Deferred Capital Receipts	2,144					(2,144)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
<b>Statutory provision for the financing of capital investment</b>	(110)	-	-	-	-	110
Capital expenditure charged against the General Fund and HRA balances	(5,380)	(360)	-	-	-	5,740
Capital grants and contributions unapplied	(4,629)	(1,117)	-	-	5,746	-
<b>Adjustments primarily involving the Capital Application of grants to capital financing transferred to the Capital Adjustment Account</b>	-	-	-	-	(5,804)	5,804
Adjustments primarily involving the Capital Receipts Reserve:						
<b>Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement</b>	(14,641)	(4,046)	18,687	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(19,592)	-	-	19,592
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,540	-	(1,540)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	2,154	-	-	(2,154)

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**8. Adjustments between Accounting Basis and Funding Basis under Regulations 2018/19 – cont.**

2018/19	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	
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	7,216	-	(7,216)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(7,216)	-	7,216
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(663)	-	-	-	-	663
Movements in the market value of Rent-to-mortgage properties	37	-	-	-	-	(37)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	18,410	702	-	-	-	(19,112)
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,475)	(339)	-	-	-	4,814
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(597)	-	-	-	-	597
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(148)	(2)	-	-	-	150
<b>Adjustments involving the Financial Instruments Adjustment Account</b>						
Upward revaluation on investments	(84)	-	-	-	-	84
<b>Total Adjustments</b>	<b>11,415</b>	<b>9,433</b>	<b>(291)</b>	<b>-</b>	<b>(58)</b>	<b>(20,499)</b>

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**8. Adjustments between Accounting Basis and Funding Basis under Regulations 2017/18**

2017/18	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	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of Non-Current Assets	6,217	-	-	-	-	(6,217)
Movements in the market value of Investment Properties	(6,774)	-	-	-	-	6,774
Amortisation of Intangible Assets	408	-	-	-	-	(408)
Revaluation and Impairment charged to revenue	2,903	5,506	-	-	-	(8,409)
Revenue expenditure funded from Capital under Statute	1,379	271	-	-	-	(1,650)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	348	5,312	-	-	-	(5,660)
Donated assets recognised through revenue	(100)	-	-	-	-	100
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(133)	-	-	-	-	133
Capital expenditure charged against the General Fund and HRA balances	(8,944)	(8,648)	-	-	-	17,592
Capital grants and contributions unapplied	(15,296)	(107)	-	-	15,403	-
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	(6,779)	6,779
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(139)	(9,349)	9,488	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(5,947)	-	-	5,947
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,540	-	(1,540)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	8	-	-	(8)

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**8. Adjustments between Accounting Basis and Funding Basis under Regulations 2017/18 – cont.**

2017/18	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
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	7,087	-	(7,087)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(7,087)	-	7,087
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):</b>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,100)	-	-	-	-	1,100
Movements in the market value of Rent-to-mortgage properties	(308)	-	-	-	-	308
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	19,346	444	-	-	-	(19,790)
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,010)	(294)	-	-	-	8,304
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	210	-	-	-	-	(210)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(337)	13	-	-	-	324
<b>Total Adjustments</b>	<b>(8,790)</b>	<b>(6,852)</b>	<b>2,009</b>	<b>-</b>	<b>8,624</b>	<b>5,009</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9. 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 2018/19.

	Balance at 31 March 2019 £'000	Transfers In 2018/19 £'000	Transfers Out 2018/19 £'000	Balance at 31 March 2018 £'000	Transfers In 2017/18 £'000	Transfers Out 2017/18 £'000	Balance at 31 March 2017 £'000
<b>General Fund:</b>							
Direct Revenue Funding of Capital	(7,412)	(1,971)	2,873	(8,314)	(7,043)	11,635	(12,906)
NNDR Retention Reserve	(4,730)	(200)	-	(4,530)	(1,737)	-	(2,793)
Grants Reserve	(4,200)	(3,437)	2,756	(3,519)	(3,192)	839	(1,166)
Committed Projects Reserve	(2,371)	(287)	976	(3,060)	(897)	1,722	(3,885)
IT Infrastructure and Equipment Reserve	(1,571)	-	654	(2,225)	(6,535)	5,635	(1,325)
Vehicle Purchase Reserve	(2,300)	(800)	-	(1,500)	-	-	(1,500)
Dry Recyclate Reserve	(1,400)	-	-	(1,400)	-	-	(1,400)
Repairs & Maintenance Reserve	(1,015)	(816)	213	(412)	-	60	(472)
Employee Cost Reserve	(988)	-	-	(988)	-	116	(1,104)
Business Transformation Projects	(841)	(613)	570	(798)	(252)	412	(958)
Northway and Marston Flood Alleviation	(606)	-	18	(624)	(624)	-	-
SALIX Energy Projects Reserve	(554)	(119)	121	(556)	(301)	177	(432)
Homelessness	(552)	(143)	543	(952)	-	-	(952)
Housing Benefit Reserve	(504)	-	-	(504)	-	-	(504)
Organisational Development Reserve	(487)	(36)	234	(685)	(63)	215	(837)
Loan and Property Fund Guarantee Reserve	(486)	(85)	-	(401)	-	-	(401)
Section 106 Commuted Sums Reserve	(482)	-	100	(582)	-	100	(682)
Flood Reserve	(357)	-	-	(357)	-	-	(357)
Community Services Carry Forward Reserve	(345)	(255)	610	(700)	(213)	162	(649)
Regeneration Projects Reserve	(310)	(140)	-	(170)	(170)	-	-
Private Sector Safety Financial Penalties	(263)	(263)	-	-	-	-	-
Grenoble Road Reserve	(257)	-	-	(257)	(74)	17	(200)
Taxi Licensing Reserve	(248)	(12)	-	(236)	(118)	29	(147)
OxFutures Reserve	(232)	-	7	(239)	-	61	(300)
Apprentices Reserve	(207)	(207)	-	-	-	-	-
Growth Deal - JSPP	(197)	(197)	-	-	-	-	-
P&R County Contribution - Future Maintenance	(117)	-	-	(117)	-	-	(117)
Local Plan Costs	(130)	(130)	-	-	-	-	-
Recycling Incentive	(100)	(100)	-	-	-	-	-
SALIX Plus	(89)	(49)	50	(90)	(44)	-	(46)
External Legal Fees Reserve	(89)	-	-	(89)	(24)	-	(65)
Blue Bin League Reserve	(72)	-	-	(72)	(14)	105	(163)
SALIX Management Fee	(56)	(29)	26	(53)	(27)	50	(76)
Lord Mayors Deposit	(52)	-	-	(52)	-	-	(52)
Oxfordshire Total Refit Project (EU Funding)	(36)	(12)	-	(24)	(24)	-	-
City Council Elections Reserve	(35)	-	69	(104)	(57)	23	(70)
Severe Weather Recovery Scheme	(35)	-	-	(35)	-	-	(35)
Land at Barton	(31)	-	-	(31)	-	39	(70)
HMO Licensing Reserve	(29)	-	69	(98)	(27)	-	(71)
Public Health Burials Reserve	(21)	-	-	(21)	(21)	-	-
Town Hall Equipment Reserve	(20)	-	-	(20)	-	-	(20)
General Licensing reserve	(16)	(16)	-	-	(28)	83	(55)
Museum Development Reserve	(15)	(2)	-	(13)	(5)	-	(8)
Town Team Partners	(10)	-	-	(10)	-	-	(10)
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	(9)	-	-	(9)	-	-	(9)
Business Support Scheme	(7)	-	31	(38)	(38)	30	(30)
Work Of Art Reserve	(5)	-	-	(5)	-	-	(5)
Economic Development Reserve	(3)	-	-	(3)	-	56	(59)
Westgate Redevelopment Reserve	-	-	737	(737)	-	-	(737)
Housing Needs Reserve	-	-	23	(23)	-	32	(55)
Fundamental Service Review	-	-	36	(36)	-	77	(113)
Home Choice fund for single persons	-	-	36	(36)	-	-	(36)
Disabled Transport Contingency	-	-	20	(20)	-	20	(40)
Shopmobility Reserve	-	-	20	(20)	-	-	(20)
Rose Hill Demolition	-	-	-	-	-	87	(87)
Oxfordshire Sports Partnership Reserve	-	(66)	66	-	-	-	-
<b>Total General Fund</b>	<b>(33,892)</b>	<b>(9,985)</b>	<b>10,858</b>	<b>(34,765)</b>	<b>(21,528)</b>	<b>21,782</b>	<b>(35,019)</b>

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## NOTES TO THE CORE FINANCIAL STATEMENTS

General Fund Reserve	Balance at 31 March 2019 £'000	Description
Direct Revenue Funding of Capital	(7,412)	Created to fund future rolling programme capital requirements.
NNDR Retention Reserve	(4,730)	This reserve is to cover the deficit in NNDR Collection Fund that will be charged to the General Fund in future years.
Grants Reserve	(4,200)	This reserve was initially set up to hold various grant monies received by the City Council and or unused in-year budgetary provision for various community/non-HRA housing based activities. As the utilisation of these grants spreads across several years the release of those resources will be undertaken gradually as well as new grant monies being added.
Committed Projects Reserve	(2,371)	Created to cover carry-forward requests from service areas, and fund expenditure commitments
IT Infrastructure and Equipment Reserve	(1,571)	Used to fund the purchase of new IT infrastructure equipment and IT projects across the Council.
Vehicle Purchase Reserve	(2,300)	Reserve for the future purchase of vehicles
Dry Recyclate Reserve	(1,400)	To provide funding to examine alternative options for the Council in disposing of its recyclates to mitigate ongoing financial pressures, including the possibility of building and operating a waste transfer station.
Repairs & Maintenance Reserve	(1,015)	The reserve will be used to cover substantive repairs in the Leisure Services and other areas.
Employee Cost Reserve	(988)	Created to cover the severance and associated payments relating to employees, following organisational development reviews.
Business Transformation Projects	(841)	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.
Northway and Marston Flood Alleviation	(606)	Used to fund the 25 year repairs and maintenance programme for Northway and Marston Flood Alleviation scheme
SALIX Energy Projects Reserve	(554)	Created from an initial grant made available via Salix. The reserve is used to implement energy efficient schemes within the City.
Homelessness	(552)	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	(504)	This reserve is to mitigate against future fluctuations in residual local cost of benefits costs following the transition to universal credit
Organisational Development Reserve	(487)	Created to fund the agreed partnership payment, and other pay related items.
Loan and Property Fund Guarantee Reserve	(486)	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.
Section 106 Commuted Sums Reserve	(482)	Created to hold Commuted Sums monies established via planning agreements.
Flood Reserve	(357)	Reserve created to fund flood maintenance work not eligible for Government re-imbursment under the Belwin scheme.
Community Services Carry Forward Reserve	(345)	Reserve reflects additional Directorate's expenditure commitments including funding of future cultural Community and Neighbourhood initiatives and community safety/educational activities
Regeneration Projects Reserve	(310)	Created for future regeneration projects
Private Sector Safety Financial Penalties	(263)	Created for potential penalties payable
Grenoble Road Reserve	(257)	Reserve to cover costs relating to action on Grenoble Road
Taxi Licensing Reserve	(248)	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.
OxFutures Reserve	(232)	This reserve is linked to the EU funded Oxfordshire Total Refit (OTR / OxFutures) project to fund potential future project pressures.
Apprentices Reserve	(207)	For the Apprentice scheme which runs over 2 years - sept 2019 - Aug 2021
Growth Deal - JSSP	(197)	To cover future costs associated with Growth Deal - JSSP
P&R County Contribution - Future Maintenance	(117)	Represents resources needed to fund future Park and Ride maintenance obligations associated with County Council sites.
Local Plan Costs	(130)	To cover future costs associated with the Local Plan
Recycling Incentive	(100)	incentive payment from Oxfordshire County Council in relation to reaching agreed recycling targets
SALIX Plus	(89)	Reserve to set aside money to fund future energy efficiency projects
External Legal Fees Reserve	(89)	Legal costs reserve associated with a specific on-going planning review case.
Blue Bin League Reserve	(72)	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.
SALIX Management Fee	(56)	Reserve represents contributions received to fund future energy assistant post activities.
Lord Mayors Deposit	(52)	Reserve represents resources held for assisting homeless applicants with rent deposit and/or bonds.
Oxfordshire Total Refit Project (EU)	(36)	Used to hold surplus EU funding relating to OxFutures
City Council Elections Reserve	(35)	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.
Severe Weather Recovery Scheme	(35)	Reserve set up to fund expenditure arising from future severe weather activities.
Land at Barton	(31)	This is an HCA grant made available to fund regeneration activities.
HMO Licensing Reserve	(29)	Reserve to ensure the ring-fencing of HMO Licensing income to fund future service area expenditure.
Public Health Burials Reserve	(21)	Holds income relating to deceased persons. The funds will be disbursed to relatives if any are discovered otherwise will be used to fund future burials for which the Council has a responsibility
Town Hall Equipment Reserve	(20)	Used to maintain or replace Town Hall equipment
General Licensing reserve	(16)	reserve for ringfenced licencing income
Museum Development Reserve	(15)	Funding to support the future development of the museum.
Town Team Partners	(10)	Reserve represents grant funded activity to improve City High Streets.
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	(9)	Planning Fund ring fenced between Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Councils. Oxford City Council administers this fund.
Business Support Scheme	(7)	This reserve has been set up to mitigate future Local Cost of Benefits risks.
Work Of Art Reserve	(5)	Created to finance the purchase or restoration of City Council works of art.
Economic Development Reserve	(3)	This reserve holds un-used budgets related to the City Deal.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2019 £'000	Transfers In 2018/19 £'000	Transfers Out 2018/19 £'000	Balance at 31 March 2018 £'000	Transfers In 2017/18 £'000	Transfers Out 2017/18 £'000	Balance at 31 March 2017 £'000
<b>HRA:</b>							
HRA Capital Projects	(25,047)	(8,890)	1,071	(17,228)	(6,580)	6,592	(17,240)
Feasibility Studies Reserve	(250)	(500)	250	-	-	-	-
Committed Projects Reserve	(202)	(202)	495	(495)	(495)	386	(386)
IT Equipment Reserve	(196)	-	-	(196)	-	-	(196)
HRA - CRM Work	(120)	-	-	(120)	-	-	(120)
Eco Funding	(119)	-	-	(119)	-	-	(119)
Direct Payment Project Arrears Reserve	(101)	-	-	(101)	-	1	(102)
Committed Orders Direct Services	-	-	92	(92)	(92)	-	-
<b>Total HRA</b>	<b>(26,035)</b>	<b>(9,592)</b>	<b>1,908</b>	<b>(18,351)</b>	<b>(7,167)</b>	<b>6,979</b>	<b>(18,163)</b>
<b>Insurance Funds:</b>							
Self Insurance Fund	(1,248)	(84)	505	(1,669)	(37)	76	(1,708)
<b>Total Insurance Funds</b>	<b>(1,248)</b>	<b>(84)</b>	<b>505</b>	<b>(1,669)</b>	<b>(37)</b>	<b>76</b>	<b>(1,708)</b>
<b>Grand Total</b>	<b>(61,175)</b>	<b>(19,661)</b>	<b>13,271</b>	<b>(54,785)</b>	<b>(28,732)</b>	<b>28,837</b>	<b>(54,890)</b>

	Balance at 31 March 2019 £'000	Description
<b>HRA Reserve</b>		
HRA Capital Projects	(25,047)	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.
Feasibility Studies Reserve	(250)	For investigation work on HRA sites to check their suitability for future development site
Committed Projects Reserve	(202)	Created to cover carry-forward requests from service areas, and fund expenditure commitments
IT Equipment Reserve	(196)	The IT Equipment reserve is used to fund replacement and/or upgrade of the Housing Revenue Account IT systems.
HRA - CRM Work	(120)	This reserve was created to fund IT work projects.
Eco Funding	(119)	Being the income received from energy providers relating to installation of solar panels on HRA properties. The resources are to be recycled into funding similar HRA energy efficient schemes in future years.
Direct Payment Project Arrears Reserve	(101)	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.
<b>Insurance Funds</b>		
Self Insurance Fund	(1,248)	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy excess limit.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 10. Other Operating Expenditure

	2018/19 £'000	2017/18 £'000
Parish Council Precepts	116	346
Payments to the Housing Capital Receipts Pool	1,541	1,541
(Gains)/Losses on the Disposal of Non-Current Assets	(3,475)	(4,872)
<b>Total</b>	<b>(1,818)</b>	<b>(2,985)</b>

### 11. Financing and Investment Income and Expenditure

	2018/19 £'000	2017/18 £'000
Interest Payable and Similar Charges	6,492	6,509
Pensions Interest Costs and Expected Return on Pensions Assets	4,741	5,113
Finance Charges	(3,500)	(2,902)
Interest Receivable and Similar Income	(2,076)	(1,606)
Impairment of Barton Long Term Debt	1,171	-
Impairment of National Homelessness Property Fund	973	-
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(9,854)	(12,859)
Dividends	(1,247)	-
Other Investment Income	(10)	(1,622)
<b>Total</b>	<b>(3,310)</b>	<b>(7,367)</b>

### 12. Taxation and Non Specific Grant Income

	2018/19 £'000	2017/18 £'000
Council Tax Income	(13,684)	(13,136)
Non Domestic Rates	(12,145)	(8,345)
Non-Ringfenced Government Grants	(1,901)	(3,508)
Capital Grants and Contributions	(5,594)	(15,356)
Donated Assets	-	(100)
<b>Total</b>	<b>(33,324)</b>	<b>(40,445)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13. Property, Plant and Equipment - Movements in 2018/19

#### Movements in 2018/19

	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
<b>Cost or Valuation</b>								
<b>At 1 April 2018</b>	739,914	161,422	23,904	2,611	1,020	2,484	5,707	937,062
Additions	12,296	7,883	1,534	80	19	-	3,113	24,925
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(17,893)	6,317	-	-	-	(5)	-	(11,581)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,411)	(4,743)	-	-	-	(234)	-	(17,388)
Derecognition - disposals	-	(2,378)	(1,756)	-	-	-	-	(4,134)
Derecognition - other	(1,748)	(414)	(14,118)	-	-	(292)	-	(16,572)
Assets reclassified (to)/from Held for Sale	(1,912)	(4,433)	-	-	-	-	-	(6,345)
Other movements in cost or valuation	(13,575)	(283)	-	-	-	-	283	(13,575)
<b>At 31 March 2019</b>	<b>704,671</b>	<b>163,371</b>	<b>9,564</b>	<b>2,691</b>	<b>1,039</b>	<b>1,953</b>	<b>9,103</b>	<b>892,392</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2018</b>	(6,935)	(12,319)	(13,271)	(175)	(9)	(63)	-	(32,772)
Depreciation charge	(7,221)	(4,134)	(619)	(77)	(9)	(14)	-	(12,074)
Depreciation written out to the Revaluation Reserve	5,676	2,150	-	-	-	-	-	7,826
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,260	1,506	-	-	-	-	-	2,766
Derecognition - disposals	73	-	1,421	-	-	-	-	1,494
Derecognition - other	-	63	5,595	-	-	-	-	5,658
Other movements in depreciation and impairment	6	323	-	-	-	56	-	385
<b>At 31 March 2019</b>	<b>(7,141)</b>	<b>(12,411)</b>	<b>(6,874)</b>	<b>(252)</b>	<b>(18)</b>	<b>(21)</b>	<b>-</b>	<b>(26,717)</b>
<b>Net Book Value</b>								
At 31 March 2019	697,530	150,960	2,690	2,439	1,021	1,932	9,103	865,675
At 31 March 2018	732,979	149,103	10,633	2,436	1,011	2,421	5,707	904,290
<b>Movement in NBV</b>	<b>(35,449)</b>	<b>1,857</b>	<b>(7,943)</b>	<b>3</b>	<b>10</b>	<b>(489)</b>	<b>3,396</b>	<b>(38,615)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13. Property, Plant and Equipment - Comparative Movements in 2017/18

#### Movements in 2017/18

	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
<b>Cost or Valuation</b>								
<b>At 1 April 2017</b>	722,074	138,806	22,789	389	1,126	5,940	3,006	894,130
Additions	18,567	7,967	1,976	100	10	-	6,361	34,981
Assets recognised / derecognised under finance lease	117	117	-	-	-	-	-	234
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	18,981	20,175	-	-	(34)	(170)	-	38,952
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,556)	(7,251)	-	-	-	234	-	(12,573)
Derecognition - disposals	-	-	(860)	-	-	-	-	(860)
Derecognition - other	(1,080)	(204)	-	-	-	(1)	(232)	(1,517)
Assets reclassified (to)/from Held for Sale	(4,204)	(4)	-	-	-	(3,254)	-	(7,462)
Other movements in cost or valuation	(8,985)	1,816	(1)	2,122	(82)	(265)	(3,428)	(8,823)
<b>At 31 March 2018</b>	<b>739,914</b>	<b>161,422</b>	<b>23,904</b>	<b>2,611</b>	<b>1,020</b>	<b>2,484</b>	<b>5,707</b>	<b>937,062</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2017</b>	(6,631)	(13,072)	(11,819)	(149)	(111)	(61)	-	(31,843)
Depreciation charge	(7,003)	(4,025)	(2,241)	(14)	(8)	(15)	-	(13,306)
Depreciation written out to the Revaluation Reserve	5,260	1,949	-	-	110	13	-	7,332
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,371	2,795	-	-	-	-	-	4,166
Derecognition - disposals	-	-	751	-	-	-	-	751
Derecognition - other	24	19	-	-	-	-	-	43
Other movements in depreciation and impairment	44	15	38	(12)	-	-	-	85
<b>At 31 March 2018</b>	<b>(6,935)</b>	<b>(12,319)</b>	<b>(13,271)</b>	<b>(175)</b>	<b>(9)</b>	<b>(63)</b>	<b>-</b>	<b>(32,772)</b>
<b>Net Book Value</b>								
At 31 March 2018	732,979	149,103	10,633	2,436	1,011	2,421	5,707	904,290
At 31 March 2017	715,443	125,734	10,970	240	1,015	5,879	3,006	862,287
<b>Movement in NBV</b>	<b>17,536</b>	<b>23,369</b>	<b>(337)</b>	<b>2,196</b>	<b>(4)</b>	<b>(3,458)</b>	<b>2,701</b>	<b>42,003</b>

## 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	-	-	2,690	2,439	192	-	9,103	14,424
Valued at Fair Value as at:								
31 March 2019	-	-	-	-	-	55	-	55
31 March 2018	-	-	-	-	-	337	-	337
31 March 2017	-	-	-	-	-	1,448	-	1,448
31 March 2016	-	-	-	-	-	92	-	92
Valued at Current Value as at:								
31 March 2019	697,530	33,069	-	-	-	-	-	730,599
31 March 2018	-	50,490	-	-	704	-	-	51,194
31 March 2017	-	5,344	-	-	-	-	-	5,344
31 March 2016	-	32,307	-	-	-	-	-	32,307
31 March 2015	-	29,750	-	-	-	-	-	29,750
De-minimis	-	-	-	-	125	-	-	125
<b>Total Cost or Valuation</b>	<b>697,530</b>	<b>150,960</b>	<b>2,690</b>	<b>2,439</b>	<b>1,021</b>	<b>1,932</b>	<b>9,103</b>	<b>865,675</b>

### a) Capital Commitments

At 31 March 2019, the Council had entered into a number of contracts for the construction of or enhancement to Property, Plant and Equipment for completion in 2018/19 and future years, estimated at £16.4 million. Similar commitments at 31 March 2018 were £25.4 million. The major commitments are:

		31 Mar 2019 £'000	31 Mar 2018 £'000
Barton New Build Phase 1	Hills	8,462	10,816
Kitchen and Bathroom Works	Oxford Direct Services Limited	2,423	-
Heating Works	Oxford Direct Services Limited	2,310	-
Adaptations for Disabled	Oxford Direct Services Limited	633	-
Rewiring Work	Oxford Direct Services Limited	593	-
Supply of Laptops and Desktop Devices	XMA Limited	586	-
Major Void Works	Oxford Direct Services Limited	409	-
Estate Enhancements & Reperation	Oxford Direct Services Limited	400	-
Horspath Sports Park	Fusion Lifestyle	303	1,628
Housing System Replacement	Aareon	262	548
Barton New Build Phase 2	Redrow Homes	-	10,329
Refurbishment of Tower Blocks	Wilmott Dixon	-	1,726
Microsoft Software Licenses	Kent County Supplies	-	304
Development Mortimer Drive / Bracegirdle	Ridge & Partners LLP	-	82
		<b>16,381</b>	<b>25,433</b>

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### b) Asset Lives

The table below shows the range of asset lives in years for depreciation purposes at the point of recognition. Assets under construction are not depreciated until after completion. Land has an indefinite life and is excluded from the figures in the table.

	Council Dwellings (includes land)	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure (includes land)	Community Assets (includes land)	Surplus Assets (includes land)
<b>Maximum Life</b>	90 years	140 years	20 years	69 years	75 years	20 years
<b>Min. Life</b>	15 years	5 years	4 years	10 years	75 years	15 years
<b>Average</b>	42 years	46 years	9 years	24 years	75 years	18 years

### c) Revaluations

The Valuation report for 2018/19 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 the Council's internal Registered Valuer Michael W Scott MRICS. This exercise identified 77 properties with a probability of a significant change in value during 2018/19. 29 properties were then valued by Peter Fry MRICS ACI Arb and Tom Vecchione MRICS from Carter Jonas. Valuations for the remaining 48 properties were provided by the Council's internal Registered Valuer, Michael W Scott MRICS.
- Council Dwellings  
A total of 75 council dwelling beacon properties were re-valued. 38 valuations were undertaken by Richard Foulkes MRICS from Marshalls and 37 were provided by the Council's internal Registered Valuer, Michael W Scott MRICS. 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 31 Property, Plant & Equipment assets were re-valued by Peter Fry MRICS ACI Arb and Tom Vecchione MRICS from Carter Jonas. Valuations for 26 assets were provided by the Council's internal Registered Valuer, Michael W Scott MRICS.

#### 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 2018 and uplifted to 31 March 2019 by Michael W Scott MRICS.

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

Existing Use Value (EUV) is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing. The parties are taken to have acted knowledgeably, prudently and without compulsion. The valuation will disregard potential alternative uses and any other characteristics of the property which would cause its market value to differ from that needed to replace the existing service.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

### Market Value (MV)

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

### 14. Heritage Assets

This Statement discloses the major transactions that have taken place on Heritage Assets. The Assets were shown in 2010/11 for the first time and were introduced mainly at Market Value. The assets were revalued as at 1 April 2015 and are now showing in our accounts as at that date; the previous valuation was as at 1 April 2010. All Heritage Assets including Non-Operational Property were valued by Coram James, specialist Art and Antique valuers - Robert Coram James BA MRICS MNAVA undertook the valuation work.

An assessment of impairment was undertaken as part of the revaluation and all impairment that was recognized was due to downward valuation rather than deterioration in the assets.

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 2017	1,508	48	371	38	401	532	2,898
Movements	-	-	-	-	-	-	-
31 March 2018	1,508	48	371	38	401	532	2,898
1 April 2018	1,508	48	371	38	401	532	2,898
Movements	-	-	-	-	-	-	-
31 March 2019	1,508	48	371	38	401	532	2,898

### 15. Heritage Assets - Further Information

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

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

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

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

A late 19<sup>th</sup> Century Organ built by Henry Willis and Sons in 1896/97 is sited in the Main Hall of the Town Hall. The Organ is rococo style case with three towers and two flats. For the purpose of grouping assets into categories the value has been placed in with the Civic Regalia.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Furniture**

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

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

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

### **Firearms**

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

### **Pictures and Drawings**

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

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

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

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

### **Heritage Non Operational Property**

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 16. Investment Properties

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

	2018/19 £'000	2017/18 £'000
Rental Income from Investment Property	10,122	9,827
Direct operating expenses arising from Investment Property	(815)	(841)
<b>Net Gain/(Loss)</b>	<b>9,307</b>	<b>8,986</b>

Investment Property valuations were reviewed to identify assets that could have experienced a significant change in value. All such assets identified were valued as at 1 April 2018.

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:

	2018/19 £'000	2017/18 £'000
<b>Balance at start of the year</b>	<b>124,903</b>	<b>117,828</b>
Additions:		
Purchases	1,050	-
Subsequent expenditure	-	519
Net gain / (loss) from Fair Value adjustments	3,509	6,774
Less:		
Disposals	(1,739)	(18)
<b>Net balance prior to transfers</b>	<b>127,723</b>	<b>125,103</b>
Transfers:		
(To)/from Property Plant and Equipment	178	(200)
<b>Balance at the end of the year</b>	<b>127,901</b>	<b>124,903</b>

### Fair Value Hierarchies

The table below summarises the use of the three fair value hierarchies used during 2018/19. 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 2018 £'000
Fair Value Measurement	-	127,901	-	127,901
<b>Total</b>	<b>-</b>	<b>127,901</b>	<b>-</b>	<b>127,901</b>
	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2017 £'000
Fair Value Measurement	-	124,903	-	124,903
<b>Total</b>	<b>-</b>	<b>124,903</b>	<b>-</b>	<b>124,903</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Transfers between Levels of the Fair Value Hierarchy**

There were no transfers between the Fair Value Hierarchy Levels during 2018/19.

### **Valuation Techniques used to Determine Level 2 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.

#### **Highest and Best Use of Investment Properties**

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

#### **Valuation Techniques**

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

#### **Valuation Process for Investment Properties**

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 17. Intangible Assets

The Council accounts for its software as an Intangible Asset, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware or 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.

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>		
- Gross Carrying Amounts	3,255	2,652
- Accumulated Amortisation	(1,922)	(1,514)
<b>Net Carrying Amount at Start of Year</b>	<b>1,333</b>	<b>1,138</b>
Additions:		
- Purchases	845	603
- Amortisation for the period	(436)	(408)
	<b>3,075</b>	<b>2,471</b>
Disposals:		
- Derecognition	(266)	-
- Amortisation write back	266	-
<b>Net Carrying Amount at End of Year</b>	<b>4,817</b>	<b>3,804</b>
Comprising:		
- Gross Carrying Amounts	3,834	3,255
- Accumulated Amortisation	(2,092)	(1,922)
	<b>1,742</b>	<b>1,333</b>

The amortisation of £0.4 million is shown in the Service Level Agreements and Capital Charges section within the Comprehensive Income and Expenditure Statement.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18. Financial Instruments

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

#### Financial Assets

	Non Current				Current			
	Investments		Debtors		Investments		Debtors	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Fair Value through Profit or Loss	12,063	11,979	101,621	85,283	13,933	9,170	22,652	13,605
Amortised Cost	-	-	-	-	72,500	61,166	-	-
<b>Total Financial Assets</b>	<b>12,063</b>	<b>11,979</b>	<b>101,621</b>	<b>85,283</b>	<b>86,433</b>	<b>70,336</b>	<b>22,652</b>	<b>13,605</b>

#### Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000 Restated *	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Amortised Cost	(198,528)	(198,528)	(1,152)	(844)	-	-	(22,865)	(15,689)
<b>Total Financial Liabilities</b>	<b>(198,528)</b>	<b>(198,528)</b>	<b>(1,152)</b>	<b>(844)</b>	<b>-</b>	<b>-</b>	<b>(22,865)</b>	<b>(15,689)</b>

\* Prior year disclosure of non-current creditors included 'Liability for Defined Pension Scheme'. It has been determined this figure should be excluded from the Financial Instruments disclosure note and consequently the 2017/18 Pension Scheme liability of £171.0 million has been removed from the prior period figure for non-current creditors stated above. This reduces the 2017/18 non-current creditors balance stated in Note 18 from £171.8 million to £0.8 million.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### a) Income, Expense, Gains and Losses

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

	2018/19		2017/18	
	Surplus / (Deficit) on the Provision of Services £'000	Other Comprehen- sive Income and Expenditure £'000	Surplus / (Deficit) on the Provision of Services £'000	Other Comprehen- sive Income and Expenditure £'000
<b>Net gains/losses on:</b>				
Financial Assets Measured at Fair Value	(2,060)	-	-	670
Financial Assets Measured at Amortised Cost	(166)	-	-	-
	(2,226)	-	-	670
<b>Interest Revenue</b>				
Financial Assets Measured at Fair Value	561	-	250	-
Financial Assets Measured at Amortised Cost	1,597	-	1,356	-
	2,158	-	1,606	-
<b>Interest Expense</b>	(6,492)	-	(6,508)	-

### b) Fair Values of Financial Assets

		Valuation Techniques used to measure Fair Value	31 Mar 2019 £'000	31 Mar 2018 £'000
<b>Property Funds</b>				
Property Fund Investments with CCLA	Level 1	Unadjusted quoted prices in active markets for identical shares	3,846	3,787
Property Fund Investments with Lothbury	Level 1	Unadjusted quoted prices in active markets for identical shares	8,217	8,192
<b>Total</b>			<b>12,063</b>	<b>11,979</b>

### Investments in Property Funds

The Council has invested £3 million in the CCLA Property Fund and £7 million in the Lothbury Property Fund. The units in both of these funds are valued based on the overall valuation of the property funds. The Council is free to divest itself of its investments at any time and would receive a payment based on the number of units held multiplied by the quoted redemption price per unit. These investments are treated as available for sale financial instruments and have therefore been revalued as at 31 March 2019 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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 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.

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

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

#### a) Credit Risk

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

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £4.5 million invested in this sector at that time. Over the last few years we have received a substantial amount of these deposits back and in 2018/19 the final £0.17 million was written off to revenue.

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 £23.5 million as at 31 March 2019 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 un-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

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

#### b) Liquidity Risk

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### c) Refinancing and Maturity Risk

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

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

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

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

The maturity analysis of financial liabilities is as follows:

	2018/19 £'000	2017/18 £'000
Up to 1 year	22,865	14,236
Between 1 and 5 years	20,000	20,000
Between 5 and 10 years	20,000	20,000
Over 10 years	158,528	158,528
	<b>221,393</b>	<b>212,764</b>

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.

	2018/19 £'000	2017/18 £'000
Short Term Borrowing - Public Works Loan Board	-	-
Long Term Borrowing - Public Works Loan Board	198,528	198,528
Local Bonds	-	-
Finance Lease Liability	315	387
Cash	-	790
Creditors	22,865	13,446
	<b>221,708</b>	<b>213,151</b>
<b>Amortised Cost</b>	<b>221,708</b>	<b>213,151</b>
<b>Fair Value</b>	<b>289,657</b>	<b>275,314</b>

### e) Analysis of Financial Assets

The analysis of Financial Assets is shown in the table below. The amortised cost is an accumulation of the principal and the accrued interest. 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.

	2018/19 £'000	2017/18 £'000
Short Term Investments	86,170	70,336
Long Term Investments	9,862	9,862
Cash	263	-
Debtors	22,652	6,993
Long Term Debtors	101,621	85,283
<b>Amortised Cost</b>	<b>220,568</b>	<b>172,474</b>
<b>Fair Value</b>	<b>222,769</b>	<b>176,708</b>

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### f) Market Risk

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

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

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

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

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

The Council does not have any variable rate borrowings, therefore the impact of a 1% increase or decrease in interest rates would have a nil financial impact. However it does have deposits in Money Market Funds (MMF), which are at a variable rate. These funds fluctuate daily but normally within a range of approximately 0.01% unless there is a general change to interest rates. A 1% increase or decrease in interest rates would impact up to £250,000 per year.

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

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

### g) Financial Instruments Gains and Losses

There is a net gain of £0.084 million gains recognised in the Consolidated Income and Expenditure Statement in relation to the property fund investments. These are held as Financial Instruments Available for Sale and the appropriate accounting treatment is applied. There are no other gains or losses recognised in the Consolidated Income and Expenditure Statement in relation to financial instruments in this financial year.



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

The fair values calculated are as follows:

Fair Value of Assets and Liabilities carried at Amortised Cost	2018/19		2017/18	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
PWLB Debt	198,528	266,477	198,528	261,481
Non - PWLB Debt	-	-	-	-
<b>Total Debt</b>	<b>198,528</b>	<b>266,477</b>	<b>198,528</b>	<b>261,481</b>
Trade Creditors	22,865	22,865	13,446	13,446
<b>Total Financial Liabilities</b>	<b>221,393</b>	<b>289,342</b>	<b>211,974</b>	<b>274,927</b>
Investments < 1 year	86,170	86,170	70,336	70,336
Investments > 1 year	12,063	12,063	11,979	11,979
Long Term Debtors	101,621	101,621	85,283	85,283
Trade Debtors	22,652	22,652	6,993	6,993
<b>Total Loans and Receivables</b>	<b>222,506</b>	<b>222,506</b>	<b>174,591</b>	<b>174,591</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 20. Inventories

	Consumable Inventories		Maintenance Inventories		Total	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
<b>Balance Outstanding at Start of Year</b>	<b>6</b>	<b>19</b>	<b>763</b>	<b>829</b>	<b>769</b>	<b>848</b>
Purchases	127	27	-	4,020	127	4,047
Recognised as an Expense in the Year	(113)	(40)	-	(4,086)	(113)	(4,126)
Written-off Balances	-	-	-	-	-	-
Transfer to Group Company (ODSL)	-	-	(763)	-	(763)	-
<b>Balance Outstanding at Year End</b>	<b>20</b>	<b>6</b>	<b>-</b>	<b>763</b>	<b>20</b>	<b>769</b>

#### Maintenance Inventories

The Council held 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. The maintenance inventories were sold to Oxford Direct Services Limited as at 1 April 2018 and is held at the relevant depots.

#### Consumable Inventories

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

### 21. Short Term Debtors

The table below shows the amount that the Council was owed at 31 March 2019 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

	2018/19 £'000	2017/18 £'000
Trade Receivables	14,197	7,267
Other Receivables	13,501	11,092
<b>Total</b>	<b>27,698</b>	<b>18,359</b>

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	2018/19 £'000	2017/18 £'000
Less than one year	3,282	4,064
More than one year	4,969	4,775
<b>Total</b>	<b>8,251</b>	<b>8,839</b>

The past due but not impaired amount for local taxation (for the Council only removing the agency debt figures) is as follows::

	2018/19 £'000	2017/18 £'000
Less than one year	911	1,274
More than one year	1,136	1,072
<b>Total</b>	<b>2,047</b>	<b>2,346</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 22. Cash and Cash Equivalents

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

	2018/19 £'000	2017/18 £'000
Cash Held by the Council	13,670	9,960
Bank Current Accounts	263	(790)
<b>Total Cash and Cash Equivalents</b>	<b>13,933</b>	<b>9,170</b>

### 23. Assets Held for Sale

	Current	
	2018/19 £'000	2017/18 £'000
<b>Balance Outstanding at Start of Year</b>	<b>6,789</b>	<b>3,683</b>
Assets newly classified as Held for Sale:		
Property Plant and Equipment	4,433	3,258
Council Dwellings	2,433	4,605
Assets declassified as Held for Sale:		
Council Dwellings	(512)	(402)
Assets sold	(9,664)	(4,355)
Other Movements	(12)	-
<b>Balance Outstanding at Year End</b>	<b>3,467</b>	<b>6,789</b>

### 24. Short Term Creditors

The table below shows the amount that the Council owed as at 31 March 2019 to third parties, together with amounts received by the Council in advance of supply of goods or services.

	2018/19 £'000	2017/18 £'000
Trade Payables	(18,135)	(12,244)
Other Payables	(23,427)	(17,588)
<b>Total</b>	<b>(41,562)</b>	<b>(29,832)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 25. Provisions

Provisions for doubtful debts are separately treated against debtors on the Balance Sheet. The total value of Provisions held as at 31 March 2019 are:

	Other Provisions		Total
	Current £'000	Non Current £'000	£'000
<b>Balance at 1 April 2017</b>	-	(7,560)	(7,560)
Additional Provisions Made in Year	-	(3,691)	(3,691)
Amounts Used in Year	-	4,090	4,090
Unused Amounts Reversed in Year	-	572	572
Unwinding of Discounting in Year	-	-	-
<b>Total Provisions as at 31 March 2018</b>	-	(6,589)	(6,589)
<b>Balance at 1 April 2018</b>	-	(6,589)	(6,589)
Additional Provisions Made in Year	-	(3,280)	(3,280)
Amounts Used in Year	-	2,044	2,044
Unused Amounts Reversed in Year	-	5	5
Unwinding of Discounting in Year	-	-	-
<b>Total Provisions as at 31 March 2019</b>	-	(7,820)	(7,820)

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 - £4.827 million. The NNDR provision is set aside to cover the estimated costs of NNDR appeals that have been lodged with the VOA for which the timing of appeals is uncertain and there is no information available on which to base an estimate. Whereas the Council expects some appeals to be settled in the following financial year, the Council expects that the majority of these appeals will be settled later than the following financial year. Consequently the whole of the provision has been classified as long term in the accounts.

**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 - £1.772 million

**Insurance** - There are insurance claims that the Council has received that have not yet been settled. This is an actuarial estimate of the cost of these insurance claims received but not yet paid.

**Council Tax Court Costs** - Provision set aside for future obligations due to inability to collect costs - £0.270 million

### 26. Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement of Reserves Statement (page 25) and Note 8 (pages 39 to 43).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27. Unusable Reserves

	2018/19 £'000	2017/18 £'000
Revaluation Reserve	(298,348)	(325,745)
Capital Adjustment Account	(477,025)	(505,060)
Deferred Capital Receipts Reserve	(99,427)	(69,674)
Pensions Reserve	210,171	170,990
Collection Fund Adjustment Account	(1,102)	(505)
Available for Sale Financial Instruments Reserve	-	(2,117)
Financial Instruments Revaluation Reserve	(2,201)	-
Accumulated Absences Account and Employee Reserve	1,005	1,155
<b>Total Unusable Reserves</b>	<b>(666,927)</b>	<b>(730,956)</b>

#### 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

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	<b>(325,745)</b>	<b>(284,576)</b>
Upward revaluation of assets	(25,357)	(60,278)
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	44,006	22,980
	<b>(307,096)</b>	<b>(321,874)</b>
Difference between Fair Value Depreciation and Historical Cost Depreciation	-	-
Accumulated gains on assets sold or scrapped	-	-
Amount written off to the Capital Adjustment Account	8,748	(3,871)
<b>Balance at 31 March</b>	<b>(298,348)</b>	<b>(325,745)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### b) Capital Adjustment Account

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

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

Note 8 (pages 39 to 43) provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		(505,060)		(493,950)
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		2,837		6,217
Revaluation losses on Property, Plant and Equipment charged to CI&E		15,147		8,409
Amount written off from the Revaluation Reserve		(8,748)		3,871
Amortisation of Intangible Assets		436		408
Revenue expenditure funded from capital under statute		3,634		1,649
HRA Depreciation made available for capital financing		7,216		7,087
Adjustments to Deferred Capital Receipts		33,424		-
Donated asset recognised in revenue		-		(100)
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		16,061		5,661
Net written out amount of the cost of non-current assets consumed in the year		<b>70,007</b>		<b>33,202</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure		(19,592)		(5,947)
Use of the Major Repairs Reserve to finance new capital expenditure		(7,216)		(7,087)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		(5,805)		(6,779)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances		(110)		(133)
Capital expenditure charged against the General Fund and HRA balances		(5,740)		(17,592)
		<b>(38,463)</b>		<b>(37,538)</b>
Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(3,509)		(6,774)
<b>Balance at 31 March</b>		<b>(477,025)</b>		<b>(505,060)</b>

## 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.

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	<b>(69,674)</b>	<b>(68,275)</b>
Adjustment for restatement in respect of Finance Leases	(663)	(1,099)
Adjustment for capital loans and leases	(33,425)	-
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	37	(308)
Impairment of deferred capital receipts	2,144	-
Transfer to the Capital Receipts Reserve upon receipt of cash	2,154	8
<b>Balance at 31 March</b>	<b>(99,427)</b>	<b>(69,674)</b>

### 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.

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	<b>170,990</b>	<b>179,466</b>
Actuarial (gains) or losses on pensions assets and liabilities	24,882	(19,962)
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	19,113	19,790
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,814)	(8,304)
<b>Balance at 31 March</b>	<b>210,171</b>	<b>170,990</b>

## 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.

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	(505)	(715)
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	(597)	210
<b>Balance at 31 March</b>	<b>(1,102)</b>	<b>(505)</b>

### 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 previously credited to the Available for Sale Financial Instruments Reserve related to investments in the Lothbury and CCLA Property Funds. This reserve ceased to exist as at 1st April 2019 due to changes in accounting standards applied and any balance was transferred into the Financial Instruments Adjustment Account.

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	(2,117)	(1,447)
Transfer	2,117	(670)
<b>Balance at 31 March</b>	<b>-</b>	<b>(2,117)</b>

### g) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account was created on 1st April 2019 in response to changes in accounting standards applied and any balance on the previous Available for Sale Financial Instruments Reserve was transferred into here on that date. The Financial Instruments Adjustment Account contains the statutory over-ride reversal for unrealised gains and losses on Financial Instruments and Financial Instruments Impairments

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	-	-
Transfer	(2,117)	-
Upward revaluation of investments	(84)	-
<b>Balance at 31 March</b>	<b>(2,201)</b>	-

### h) 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. These accruals are reversed and therefore mitigated through the Movement in Reserves Statement.



## NOTES TO THE CORE FINANCIAL STATEMENTS

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	<b>1,155</b>	<b>1,479</b>
Settlement or cancellation of accrual made at the end of the preceding year	(1,155)	(1,475)
Additional accrual during the year	1,005	1,151
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	(150)	(324)
<b>Balance at 31 March</b>	<b>1,005</b>	<b>1,155</b>

### 28. Operating Activities

	2018/19 £'000	2017/18 £'000
<b>Operating activities within the Cashflow Statement include the following cashflows relating to Interest</b>		
Cash Interest Received	3,366	4,338
Cash Interest Paid	(6,492)	(6,508)
<b>Total</b>	<b>(3,126)</b>	<b>(2,170)</b>

### 29. Acquired and Discontinued Operations

The Council's Direct Services operations were transferred into two wholly owned companies in 2018/19 on 1 April 2018. The charges for the services provided to the Council by the Companies will still be reflected in the Council's single entity accounts, however any activity relating to external organisations will not be reflected in the Council's single entity accounts but will appear in the Council's Group accounts. The amounts for Trade Refuse & Recycling and Estates previously reported in the Trading Operations note below to the net value of £0.97 million will no longer be reflected in the Council's single entity accounts.

### 30. 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.

		2018/19 £'000	2017/18 £'000
<b>Building Control Charging Account</b>	Turnover	(390)	(419)
	Expenditure	757	668
	<b>(Surplus)/Deficit</b>	<b>367</b>	<b>249</b>
<b>Investigations</b>	Turnover	(349)	-
	Expenditure	216	-
	<b>(Surplus)/Deficit</b>	<b>(133)</b>	<b>-</b>
<b>Trade Refuse &amp; Recycling</b>	Turnover	-	(4,514)
	Expenditure	-	3,477
	<b>(Surplus)/Deficit</b>	<b>-</b>	<b>(1,037)</b>
<b>Building Services</b>	Turnover	-	(1,079)
	Expenditure	-	1,146
	<b>(Surplus)/Deficit</b>	<b>-</b>	<b>67</b>
<b>Net (Surplus)/Deficit on Trading Operations</b>		<b>234</b>	<b>(721)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 31. 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 routine and other maintenance.

	2018/19 £'000	2017/18 £'000
Routine Maintenance Expenditure	1,060	1,094
Pothole Funding	-	73
Section 101 Agreement	969	-
Cowley Road Scheme	388	-
Administrative Costs	241	-
<b>Net Expenditure Recharged through the Agency Arrangement</b>	<b>2,658</b>	<b>1,167</b>

With effect from 1st April 2018, under a new agreement with the County Council, Oxford City Council has been appointed as agent of Oxfordshire County Council under Section 101 of the Local Government Act 1972 and Section 9EA of the Local Government Act 2000 to carry out the specified work. A back-to-back contract has then been made between Oxford City Council and Oxford Direct Services Limited (ODSL) for delivery of the services. In practice this forms part of the wider services contract that the council has with ODSL. Existing Oxfordshire County Council staff have transferred under TUPE to ODSL as the entity carrying out the activities.

The Section 101 Agreement funds ODSL back office staff for managing this contract on behalf of Oxfordshire County Council. Part of the agreement was that 4 posts were TUPE to ODSL and these cost plus a % of ODSL Existing Management Team can be claimed back.

This agency 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.

ODSL on behalf of Oxford City Council carry out most of the maintenance operations under the agreement. This work is split into three; Highways engineering, (carriageway and pavement maintenance) and grass cutting which are undertaken by the Engineering teams and Grounds Maintenance teams respectively, both of which are managed by Oxford Direct Services Limited. The final area of work is tree maintenance, which is carried out by the Council's Leisure & Parks' Tree team.

The Cowley Road scheme was outside of the 2018/19 work programme. The County Council brought forward the work at Oxford Road end due to the carriageway failing safety inspections. Additional orders were issued for these works.

### 32. Members' Allowances

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

	2018/19 £'000	2017/18 £'000
<b>Members' Allowances</b>		
Allowances	374	361
Expenses	2	1
<b>Total Payments</b>	<b>376</b>	<b>362</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 33. 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	Note
		£	£	£	
Chief Executive	2018/19	157,536	32,452	189,988	33.1
	2017/18	133,253	27,450	160,703	
Assistant Chief Executive Post 1	2018/19	93,862	19,336	113,198	
	2017/18	93,203	19,200	112,403	
Assistant Chief Executive Post 2	2017/18	64,877	14,584	79,461	33.2
Executive Director, City Regeneration					33.3
Executive Director of Sustainable City	2018/19	121,537	25,036	146,573	
	2017/18	127,923	26,352	154,275	
Executive Director, Organisational Development and Corporate Services	2018/19	-	-	-	33.4
	2017/18	124,180	25,581	149,761	
Head of Law & Governance/Monitoring Officer					
Officer 1	2018/19	93,862	19,837	113,699	
Officer 1	2017/18	35,536	7,320	42,856	
Officer 2	2017/18	47,246	9,733	56,979	
Total	2017/18	82,782	17,053	99,835	
Head of Financial Services/Section 151 Officer	2018/19	94,587	19,418	114,005	
	2017/18	93,413	19,179	112,592	

**33.1** - The Chief Executive Gordon Mitchell became an Officer of Oxford City Council on the 15 May 2017. The annualised salary of Gordon Mitchell for 2018/19 was £157,536 and £155,591 for 2017/18

**33.2** - This additional post was occupied from 01.04.2017 until 28.01.2018

**33.3** - The Senior Officer Post was occupied by an interim Contractor during 2017/18 and 2018/19

**33.4** - This post is vacant due to the resignation of the previous post holder. A replacement has not been recruited and the Council has put an interim senior management structure in place.

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 2018/19	Number of employees 2017/18
£50,000 - £54,999	7	10
£55,000 - £59,999	19	18
£60,000 - £64,999	3	4
£65,000 - £69,999	2	3
£70,000 - £74,999	3	5
£75,000 - £79,999	3	3
£80,000 - £84,999	1	1
£85,000 - £89,999	1	1
£90,000 - £94,999	1	3
£95,000 - £99,999	1	2
£100,000 - £104,999	-	-
£105,000 - £109,999	-	1
<b>Total Number of Employees</b>	<b>41</b>	<b>51</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Exit Package cost band including special payments

	Number of compulsory redundancies		Number of other agreed departures		Total number of packages		Total cost of exit packages	
	2018/19 Nos	2017/18 Nos	2018/19 Nos	2017/18 Nos	2018/19 Nos	2017/18 Nos	2018/19 £'000	2017/18 £'000
£0- £20,000	-	-	8	17	8	17	39	100
£20,001- £40,000	-	-	-	1	-	1	-	30
£40,001- £60,000	-	-	1	1	1	1	45	50
<b>Total</b>	-	-	<b>9</b>	<b>19</b>	<b>9</b>	<b>19</b>	<b>84</b>	<b>180</b>

### 34. 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:

	2018/19 £'000	2017/18 £'000
External Audit	66	86
Public Sector Audit Appointment Rebate	-	(13)
Certification of Grant Claims & Returns	-	25
<b>Total</b>	<b>66</b>	<b>98</b>

### 35. Grant Income

The Council has credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19:

#### Grants Credited to Taxation and Non Specific Grant Income

	2018/19 £'000	2017/18 £'000
Community Infrastructure Levy	2,907	7,533
Disabled Facilities Grant	1,307	1,627
New Homes Bonus	1,271	1,995
Homes England - Tower Block Cladding	1,113	-
Revenue Support Grant	630	1,513
Lawn Tennis Association Grant	130	-
Developer Contributions	79	5,089
Heritage Lottery Fund	34	47
Department of Transport - OxPops Funding	14	-
Oxfordshire County Council - Contribution to East Oxford	10	-
Environment Agency Funding	-	670
Office for Low Emmisions	-	212
SALIX	-	93
Water Resources Education Network (WREN) Grant	-	85
<b>Total</b>	<b>7,495</b>	<b>18,864</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Grants Credited to Services	2018/19 £'000	2017/18 £'000
Housing Benefits Grant	49,290	57,040
Syrian Vulnerable Persons Relocation Scheme	744	713
Department of Transport - Clean Bus Technology Grant	724	939
Ministry of Housing, Communities & Local Government (MHCLG) - Controlling Migration Fund	629	393
Ministry of Housing, Communities & Local Government (MHCLG) - Flexible Homelessness Support Grant	623	541
Ministry of Housing, Communities & Local Government (MHCLG) - Rough Sleeping Initiative Grant	503	-
Ministry of Housing, Communities & Local Government (MHCLG) - Preventing Homelessness Grant	463	478
Education & Skills Funding Agency Grant	392	-
BIG Lottery - Better Opportunities Funding	352	-
Ministry of Housing, Communities & Local Government (MHCLG) - Preventing Homelessness Grant	252	-
Department for Food & Rural Affairs - Air Quality Grant	193	-
DWP Housing Benefit New Burdens Grant	156	-
Ministry of Housing, Communities & Local Government (MHCLG) - Local Council Tax Support Administration Grant	154	-
National Health Service (NHS) Funding - Barton Healthy Towns	96	92
Department for Work & Pensions (DWP) - Universal Credit Grants	80	201
Police & Crime Commissioner Funding	67	86
Sports England - Sports Grants	66	495
Ministry of Housing, Communities & Local Government (MHCLG) - Local Digital Fund	62	-
Arts Council - Contributions to Christmas Lights Festival	54	52
Department for Food & Rural Affairs - Ministerial Direction Grant	50	-
Cabinet Office (CO) Individual Electoral Registration Grant	49	62
Smart Oxford Contributions	47	-
Contributions to Dance Development	44	79
Ministry of Housing, Communities & Local Government (MHCLG) - Rogue Landlord Enforcement Grant	40	-
Aspire Funding	39	19
Heritage Lottery Fund - Museum of Oxford	36	-
Ministry of Housing, Communities & Local Government (MHCLG) - Self Build & Custom House Building Grant	31	30
Contribution towards District Data Analysis	24	26
Contribution to Cross District Services	21	18
Department for Transport - OxPops Grant	20	-
Foundations Independent Living Trust - Warm at Home Grant	14	9
OxFutures Contribution	17	-
Contributions to the Home Improvement Agency	14	10
Department for Work & Pensions (DWP) - Local Authority Data Sharing Contribution	14	-
Arts Work Fund - Grant for Cultural Development	7	4
Contributions to Christmas Lights Festival	5	-
Arts Council Resilience Grant - Museum of Oxford	4	21
Ministry of Housing, Communities & Local Government (MHCLG) - H-CLIC Single Data List	4	-
Contributions to Cemeteries	3	6
Ministry of Housing, Communities & Local Government (MHCLG) - Council House Discount for Family	3	4
Ministry of Housing, Communities & Local Government (MHCLG) - New Burdens Funding - Letting Agencies	2	-
European Social Fund Grant	-	164
European Capital of Innovation	-	157
European Union Grant - Oxfordshire Total Retrofit	-	143
Environment Agency - Northway & Marston Flood Alleviation	-	134
Grant Element of 73 Ashhurst Way	-	103
Contribution to SALIX	-	100
New Burdens Grant - Business Rates Retention	-	72
Contribution to Devolution Support	-	37
Health Grant - Diabetes Project	-	35
Ministry of Housing, Communities & Local Government (MHCLG) - Property Searches New Burdens Grant	-	26
Contributions towards Sustainability Projects	-	26
Ministry of Housing, Communities & Local Government (MHCLG) - Growth Deal Funding	-	26
Ministry of Housing, Communities & Local Government (MHCLG) - Decentralisation & Neighbourhood	-	25
Contributions to South Oxford Community Centre	-	14
Ministry of Housing, Communities & Local Government (MHCLG) - Fraud & Error Reduction Incentive	-	10
Ministry of Housing, Communities & Local Government (MHCLG) - Brownfield Register Pilots Fund	-	5
Contributions to Oxford International Links	-	5
Contributions to Oxfordshire Sports Awards	-	5
Contributions to Severe Weather Emergency Provision	-	3
Department for Business, Innovation & Skills - Heat Network Feasibility Studies	-	3
<b>Total</b>	<b>55,388</b>	<b>62,411</b>

## 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

	2018/19 £'000	2017/18 £'000
Developer Contributions	8,414	3,895
Department of Transport - Clean Bus Technology Grant	672	-
Department of Transport - Office for Low Emission Vehicles (OLEV) Go Ultra Low Oxford	626	626
<b>Total</b>	<b>9,712</b>	<b>4,521</b>

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

	2018/19 £'000	2017/18 £'000
Department for Communities & Local Government (DCLG) - Controlling Migration Fund	739	358
Department of Transport Clean Bus Technology Fund	732	939
Department for Communities & Local Government (DCLG) - Flexible Homelessness Support Grant	719	401
Syrian Vulnerable Persons Relocation Scheme	587	319
Department for Communities & Local Government (DCLG) - Preventing Homelessness Grant	369	390
DEFRA Air Quality Grant	267	26
Revenues & Benefits Grant	248	202
DECC Heat Networks Delivery Unit Grant	108	121
European Social Fund - Building Better Opportunities	85	-
Department for Communities & Local Government (DCLG) - Rough Sleeping Initiative	66	-
DECC Grant (Pioneer Places)	48	48
Department for Communities & Local Government (DCLG) - Custom Build Homes	45	45
Department for Communities & Local Government (DCLG) - Rogue Landlord Enforcement Grant	38	-
DCLG Brownfield Register Pilot	30	30
DEFRA Contaminated Land Grant	19	19
Department for Communities & Local Government (DCLG) - Leaving EU Preparation Grant	17	-
DFT OLEV (Go Ultra Low Oxford)	16	16
Department for Communities & Local Government (DCLG) - Decentralisation & Neighbourhood Plannin	16	16
Innovate UK _ OxPops Funding	12	-
I-Tree Project	11	18
DEFRA Low Carbon Framework Grant	10	44
DCLG Fraud Hub Grant	8	9
Table Tennis England - Priority Zone Funding	5	5
Heritage Conservation Fund	5	5
Sport England funding	-	501
HO Investigations ARIS grant	-	7
<b>Total</b>	<b>4,200</b>	<b>3,519</b>

### 36. 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 7 (page 38). Grant receipts outstanding at 31 March 2019 are shown in Note 37 (pages 74 to 76).

## NOTES TO THE CORE FINANCIAL STATEMENTS

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 may 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 32 (page 72).

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. None of these organisations received grants from the Council in 2018/19.

There are a number of senior officers who are appointed Directors of the Barton Oxford LLP, an arms length company set up between the Council and Grosvenor Developments Limited to facilitate new housing in Barton, the Oxford West End Development Company (OxWED), a joint venture with Nuffield College set up to facilitate regeneration of the Oxpens area of Oxford, Oxford City Housing Limited (OCHL), a wholly owned company set up to deliver housing within Oxford, and Oxford Direct Services Limited and Oxford Direct Services Trading Limited, two wholly owned companies set up to deliver services to the Council and to outside bodies. The OxWED company holds loans from the Council which were agreed through the Council's normal governance processes. At balance sheet date the amount due from OxWED was £12.284 million. OCHL has been advanced loans of £3.917 million which were agreed through the Council's normal governance processes to purchase properties from the Council and other parties. Oxford Direct Services Limited holds assets leased from the Council to the value of £6.587 million as at balance sheet date and undertakes a significant level of work for the Council.

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

- Central Government – Central Government provide a number of grants to local authorities.
- Housing Associations – the Council is a partner with various Housing Associations for the purpose of providing Social Housing.
- Oxfordshire County Council – the Council undertakes agency work on behalf of the County Council. The County Council also administers the Council's local government pension scheme.
- Fusion Lifestyle - The Council has a contract with Fusion Lifestyle a social enterprise with charitable status to manage and develop the Council's seven public leisure facilities.
- Barton Oxford LLP – an arms length company set up between the Council and Grosvenor Developments Limited to facilitate new housing in Barton.
- Oxford West End Development Ltd - a joint venture with Nuffield College (50%/50%) to redevelop the Oxpens area of Oxford.
- Oxford City Housing Limited - a wholly owned company set up to deliver housing within Oxford.
- Oxford Direct Services Limited - a wholly owned company set up to deliver work to the Council and other bodies.
- Oxford Direct Services Trading Limited - a wholly owned company set up to deliver work to external bodies.
- Local Boards and Trusts – Officers and Members represent the Council on various organisations.
- Visit Oxfordshire - the Council works closely with Visit Oxfordshire to provide tourism across the city.

There are no related parties providing personnel management services.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 37. 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).

	2018/19 £'000	2017/18 £'000
<b>Opening Capital Financing Requirement</b>	<b>223,143</b>	<b>222,875</b>
<b>Capital Investment</b>		
Property Plant and Equipment	24,925	34,634
Assets Held for Sale	9	-
Investment Properties	1,050	519
Intangible Assets	845	603
Long Term Capital Debtors	12,070	305
Revenue Expenditure Funded from Capital under Statute	3,634	1,649
<b>Total Capital Spend</b>	<b>42,533</b>	<b>37,710</b>
<b>Sources of Finance</b>		
Capital Receipts	(19,592)	(5,947)
Government Grants and other Contributions	(5,805)	(6,779)
Sums Set Aside from Revenue	(5,740)	(17,592)
Major Repairs Reserve	(7,216)	(7,087)
Minimum Revenue Provision	(110)	(37)
<b>Sources of Finance Total</b>	<b>(38,463)</b>	<b>(37,442)</b>
<b>Closing Capital Financing Requirement</b>	<b>227,213</b>	<b>223,143</b>
<b>Explanation of Movements in Year</b>		
(Increase) in Underlying Need to Borrow (unsupported by Government Financial Assistance)	(4,180)	(305)
Decrease in Underlying Need to Borrow (unsupported by Government Financial Assistance)	110	37
<b>(Increase)/Decrease in Capital Financing Requirement</b>	<b>(4,070)</b>	<b>(268)</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 38. 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 2019 £'000	31 Mar 2018 £'000
Other Land and Buildings	11,652	11,834
Vehicles, Plant, Furniture and Equipment	111	207
<b>Total</b>	<b>11,763</b>	<b>12,041</b>

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 2019 £'000	31 Mar 2018 £'000
<b>Finance lease liabilities (net present value of minimum lease payments)</b>		
- Current	22	73
- Non Current	293	313
Finance Costs Payable in Future Years	615	638
<b>Minimum Lease Payments</b>	<b>930</b>	<b>1,024</b>

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 2019 £'000	31 Mar 2018 £'000	31 Mar 2019 £'000	31 Mar 2018 £'000
Not later than one year	28	94	22	73
Later than one year and not later than five years	26	48	2	23
Later than five years	876	882	291	292
<b>Total</b>	<b>930</b>	<b>1,024</b>	<b>315</b>	<b>388</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents for 2018/19 or 2017/18.

#### OPERATIONAL LEASES

The Council leases property on operating lease arrangements with an average life of 63 years. The future minimum lease payments due under non-cancellable leases in future years are:

	31 Mar 2019 £'000	31 Mar 2018 £'000
<b>Operating Leases</b>		
Not later than one year	164	188
Later than one year and not later than five years	448	449
Later than five years	1,220	1,318
<b>Total</b>	<b>1,832</b>	<b>1,955</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

	31 Mar 2019 £'000	31 Mar 2018 £'000
Minimum lease payment	181	228
Contingent rent	45	48
Sublease payment receivable	(413)	(344)
<b>Total</b>	<b>(187)</b>	<b>(68)</b>

On examination of the 2017/18 disclosure, it was noted that some of the leases were no longer non-cancellable in that year and so should have been excluded from the note. These changes have now been applied to the note above, reducing the minimum lease payable from £0.838 million to £0.228 million and reducing contingent rent from £0.448 million to £0.048 million in 2017/18

Sublease payments receivable over the full lifetime of the leases as at 31 March 2019 amounted to £38.7 million (31 March 2018 £32.0 million).

### b) Authority as Lessor

#### FINANCE LEASES

The Council leases out many properties, and an assessment has been undertaken to establish those that are considered to have transferred the risks of ownership to the lessee. From 2018/19, the Council is leasing vehicles to its wholly owned company, Oxford Direct Services Limited.

	31 Mar 2019 £'000	31 Mar 2018 £'000
<b>Finance Lease debtor (net present value of minimum lease payments)</b>		
- Current	2,058	7
- Non Current	66,523	61,330
Unguaranteed Residual Value of Property*	4,073	4,074
<b>Gross Investment in the Lease</b>	<b>72,654</b>	<b>65,411</b>

\* 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 2019 £'000	31 Mar 2018 £'000	31 Mar 2019 £'000	31 Mar 2018 £'000
Not later than one year	2,058	7	2,058	7
Later than one year and not later than five years	4,297	33	4,297	33
Later than five years	66,299	65,371	62,226	61,297
<b>Total</b>	<b>72,654</b>	<b>65,411</b>	<b>68,581</b>	<b>61,337</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following+ rent reviews. In 2018/19 £0.122 million were receivable by the Council (£0.081 million in 2017/18).

### 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:

<b>Operating Leases</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	7,457	5,484
Later than one year and not later than five years	23,288	18,535
Later than five years	80,699	64,928
<b>Total</b>	<b>111,444</b>	<b>88,947</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2018/19 £1.52 million contingent rents were received by the Council (£1.77 million in 2017/18).

### 39. Termination Benefits and Exit Payments

Termination benefits are payable as a result of either:

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

There were no curtailment costs during 2018/19 included in the IAS19 report (There were none in 2017/18). 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 which avoids double counting.

A payment in respect of previously recognised costs no longer has to be recognised (£5,000 in 2017/18). 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.

	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance</b>	<b>4</b>	<b>9</b>
New termination costs in year	-	-
Less costs removed in year	(4)	(5)
<b>Closing Balance</b>	<b>-</b>	<b>4</b>

### 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 33 (pages 73 to 74). 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 2018/19, incurring total costs of £0.084 million (£0.180 million in 2017/18).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 40. 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. Due to arrangements with Oxford Direct Services Limited and Oxfordshire Pension Fund all IAS19 pension transactions in relation to Oxford City Council and Oxford Direct Services Limited are accounted for in the Council's single entity accounts, excepting the contributions made by Oxford Direct Services Limited which will be accounted for in the accounts of that entity.

#### 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:

	<b>Local Government Pension Scheme</b>	
	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
<b>Cost of Services</b>		
Current Service Cost	10,653	14,668
Past Service Costs	3,719	9
Administration Expenses	-	-
<b>Financing and Investment Income and Expenditure</b>		
Interest Cost	4,741	5,113
<b>Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services</b>	<b>19,113</b>	<b>19,790</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
<b>Remeasurement of the Net Benefit Liability Comprising</b>		
Return on Plan Assets (excluding amount included in the net interest expense)	(11,283)	(1,476)
Other actuarial (gains) / losses on assets	(1)	785
Changes in Financial Assumptions	36,165	(19,271)
<b>Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>24,881</b>	<b>(19,962)</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>43,994</b>	<b>(172)</b>
	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
<b>Movement in Reserves Statement</b>		
Reversal of Net Charges made to the Surplus/(Deficit) for the Provision of Services for Post Employment Benefits in accordance with the Code	(19,113)	(19,790)
<b>Actual amount charges against the General Fund Balance for pensions in the year</b>		
Employers' Contributions Payable to Scheme	4,814	8,304

## NOTES TO THE CORE FINANCIAL STATEMENTS

### c) Basis for Estimating Assets and Liabilities

Both the Local Government Pension Scheme and discretionary benefit liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. In order to assess the value of the Employer's liabilities in the Fund as at 31 March 2019, the actuary has rolled forward the value of the Employer's liabilities calculated at the latest formal valuation date, allowing for the different financial assumptions required under the Accounting Standard at the reporting date. The liabilities are discounted to their value at current prices, using a discount rate of 2.4%. The discount rate used is based on the Hymans Robertson corporate bond yield curve constructed based on the constituents of the iBoxx AA corporate bond index. In calculating the current service cost the actuary has allowed for changes in the Employer's pensionable payroll as estimated from contribution information provided. In calculating the asset share, the actuary has rolled forward the Employer's share of the assets calculated at the latest formal valuation date, the effect of contributions paid into, and estimated benefits paid from, the Fund by the Employer and its employees.

The principal assumptions used by the actuary are:

	2018/19	2017/18
<b>Mortality Assumptions:</b>		
<b>Longevity at 65 for Current Pensioners</b>		
Men	23.4	23.4
Women	25.5	25.5
<b>Longevity at 65 for Future Pensioners</b>		
Men	25.6	25.6
Women	27.8	27.8
<b>Rate of Inflation</b>		
RPI	3.40%	3.40%
CPI	2.50%	2.40%
Rate for Discounting Scheme Liabilities	2.40%	2.70%
Rate of Increase in Pensions	2.50%	2.40%
Rate of increase in Salaries	3.80%	3.60%
Take up option to convert annual pension to lump sum	50.00%	50.00%

### Members Assumption

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2018/19 £'000	2017/18 £'000
Opening Balance 1 April	447,971	446,941
Current Service Cost	10,653	14,668
Interest Cost	12,230	12,610
Actuarial (Gains) and Losses from Changes in Financial Assumptions	36,166	(19,272)
Changes in demographic assumptions	-	-
Experience (Gain) / Loss on Defined Benefit Obligation	-	785
Benefits Paid	(9,886)	(9,882)
Past Service Cost Including Curtailments	3,719	9
Contributions by Scheme Participants	2,733	2,599
Unfunded Pension Payments	(489)	(487)
<b>Closing Balance 31 March</b>	<b>503,097</b>	<b>447,971</b>

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

	2018/19 £'000	2017/18 £'000
<b>Opening Fair Value of Scheme Assets 1 April</b>	<b>276,982</b>	<b>267,475</b>
Interest Income	7,490	7,497
Return on Plan Assets Less Interest	11,283	1,476
Employers Contributions	4,814	8,304
Contributions by Scheme Participants	2,733	2,599
Settlements	(10,375)	(10,369)
<b>Closing Balance 31 March</b>	<b>292,927</b>	<b>276,982</b>

### Pension Assets and Liabilities Recognised in the Balance Sheet

	2018/19 £'000	2017/18 £'000
<b>Present Value of Liabilities</b>		
Present value of the defined benefit obligation	(493,971)	(438,785)
Fair Value of Assets in the Local Government Pension Scheme	292,927	276,983
Present Value of Unfunded Obligation	(9,126)	(9,187)
<b>Surplus/(Deficit) in the Scheme</b>	<b>(210,170)</b>	<b>(170,989)</b>

### Sensitivity Analysis

#### Impact on the Defined Benefit Obligation in the Scheme

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 March 2019	Approximate % Increase to Employers Liability	Approximate Monetary amount £000's
0.5% Decrease in Real Discount Rate	10%	48,505
0.5% Increase in the Salary Increase Rate	1%	5,862
0.5% Increase in the Pension Increase Rate	8%	41,860

## NOTES TO THE CORE FINANCIAL STATEMENTS

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

### Notes:

In order to quantify the impact of a change in the financial assumptions used, the change has been calculated and compared the value of the scheme liabilities as at 31 March 2019 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures. The above figures have been derived based on the membership profile of the Council as at the date of the most recent actuarial valuation.

The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

### The Local Government Pension Scheme Assets Comprised:

	Fair Value of Scheme Assets	
	2018/19 £'000	2017/18 £'000
<b>Cash and Cash Equivalents</b>	11,442.4	11,762.1
<b>Equity</b>		
By Industry Type		
Consumer	6,536.5	19,805.9
Manufacturing	4,167.3	19,403.6
Energy and Utilities	3,608.2	6,194.3
Financial Institutions	7,297.7	21,325.0
Health and Care	4,017.7	4,598.4
Information Technology	5,277.0	4,130.2
<b>Debt Securities</b>		
By Sector		
UK Govt	28,774.4	28,159.7
Other	5,692.2	4,936.6
<b>Private Equity</b>	11,490.4	11,001.1
<b>Investment Funds and Unit Trusts</b>		
Equities	138,897.2	84,937.4
Infrastructure	20,237.3	423.1
Bonds	1,562.3	20,602.7
Others	43,581.4	39,594.0
<b>Derivatives</b>		
Foreign Exchange	345.0	108.0
<b>Total</b>	<b>292,927.0</b>	<b>276,982.1</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **41. 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.

### **42. Contingent Assets**

The Council entered into a contract with an external party for the external cladding of the Tower Blocks owned by the Council and held within the HRA. The Council is in negotiation with the Contractors over some remediation required to the works which was needed at the balance sheet date. The negotiations have extended beyond the year end but the Council is hoping to conclude the negotiations in the next financial year and this will enable the required works to be undertaken.

### **43. Post Balance Sheet Events**

The Council has not identified any material non-adjusting events occurring after the reporting date.

### **44. Exceptional item**

In 2018/19, a debtor to the value of £1.2 million was impaired to revenue. This was then reversed through the Movement in Reserves Statement to deferred capital receipts. This debtor related to the land and subsequent interest that the Council had allocated to the Barton Park development via Barton Oxford LLP. This debtor is now not expected to be paid due to the terms of the Barton agreement and the financial projections of the development. This impairment is also reflected in the accounts of Barton Oxford LLP and hence in the Council's Group Accounts.



# **SUPPLEMENTARY FINANCIAL STATEMENTS**

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## HOUSING REVENUE ACCOUNT

### Housing Revenue Account Income and Expenditure Statement

	Note	2018/19 £'000	2017/18 £'000
<b>Expenditure</b>			
Repairs & Maintenance		12,320	11,432
Supervision & Management		9,064	9,107
Rents, Rates, Taxes & Other Charges		63	49
Depreciation and Impairment of Non-Current Assets		18,082	12,864
Movement in the Allowance for Bad Debts (not specified by the Code)		669	492
<b>Total Expenditure</b>		<b>40,198</b>	<b>33,944</b>
<b>Income</b>			
Dwelling Rents (Gross)		(41,672)	(41,564)
Non Dwelling Rents (Gross)		(288)	(284)
Charges for Services & Facilities		(2,863)	(2,891)
<b>Total Income</b>		<b>(44,823)</b>	<b>(44,739)</b>
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(4,625)	(10,795)
HRA Services' share of Corporate and Democratic Core		203	199
<b>Net Income for HRA Services</b>		<b>(4,422)</b>	<b>(10,596)</b>
<b>HRA share of the Operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:</b>			
(Gain)/Loss on Sale of HRA Fixed Assets		(315)	(4,038)
Interest Payable and Similar Charges		7,705	7,702
Interest and Investment Income	H2.6	(181)	(129)
Capital Grants and Contributions Receivable		(1,112)	-
<b>(Surplus)/Deficit for the year on HRA Services</b>		<b>1,675</b>	<b>(7,061)</b>

## HOUSING REVENUE ACCOUNT

### Movement on the Housing Revenue Income & Expenditure Account

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

- the 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

	2018/19 £'000	2017/18 £'000
<b>Balance on the HRA at the end of the Previous Year</b>	<b>(4,000)</b>	<b>(4,000)</b>
(Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	1,675	(7,061)
Adjustments between Accounting Basis and Funding Basis Under Statute		
- Difference between any other item of income and expenditure	2	(13)
- Gain or loss on sale of HRA non-current assets	315	-
- HRA share of contributions to or from the Pensions Reserve	(363)	(151)
- Capital expenditure funded by the HRA	1,473	8,648
- Transfer to/from the Major Repairs Reserve	(801)	(203)
- Transfer to/from the Capital Adjustment Account	(10,064)	(1,536)
- Transfer to/from the Capital Grants Unapplied Account	5	107
<b>Net Increase/(Decrease) before Transfers to or from Reserves</b>	<b>(7,758)</b>	<b>(209)</b>
Transfer (to)/from Reserves	7,758	209
<b>Increase/(Decrease) in Year on the HRA</b>	<b>-</b>	<b>-</b>
<b>Balance on the HRA at the end of the Current Year</b>	<b>(4,000)</b>	<b>(4,000)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H1. Housing and Garage Stock Numbers

	2018/19	2017/18
<b>Houses</b>		
1 bedroom	278	278
2 bedrooms	824	826
3 bedrooms	2,812	2,819
More than 3 bedrooms	282	280
<b>Flats</b>		
1 bedroom	1,609	1,612
2 bedrooms	1,717	1,725
3 bedrooms	162	163
More than 3 bedrooms	5	5
<b>Non Dwelling Properties</b>		
Hostels	7	7
<b>Overall Total</b>	<b>7,696</b>	<b>7,715</b>
<b>Summary of Changes in Stock</b>	<b>2018/19</b>	<b>2017/18</b>
<b>Stock at 1 April</b>	<b>7,715</b>	<b>7,746</b>
Sales	(21)	(39)
Other Disposals	(3)	(2)
Additions	5	10
<b>Stock at 31 March</b>	<b>7,696</b>	<b>7,715</b>
<b>Garages and Parking Spaces</b>	<b>2017/18</b>	<b>2017/18</b>
Garages Within Curtilage	236	236
Parking Spaces	612	510
<b>Overall Total</b>	<b>848</b>	<b>746</b>
<b>Summary of Changes in Garages &amp; Parking Spaces</b>	<b>2018/19</b>	<b>2017/18</b>
<b>Stock at 1 April</b>	<b>746</b>	<b>951</b>
Demolished/ Disposed	(1)	-
Additions to Garages Within Curtilage	1	-
Garages Within Curtilage Understated in prior years	-	23
Additions to Parking Spaces	102	-
Parking Spaces Overstated in prior years	-	(228)
<b>Stock at 31 March</b>	<b>848</b>	<b>746</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

Following revaluation on 1 April 2018, the vacant possession value (EUV) of the Council's housing stock (Council Dwellings) amounted to £2,131 million. Application of the social housing factor of 33% (EUV-SH) to the general housing stock, representing the economic cost to government of providing council housing, resulted in a Balance Sheet value of £710 million. At 31 March 2019, application of the social housing factor to the general housing stock resulted in a total value of £705 million.

The table below shows the HRA property values at appropriate measures of Fair Value as at 31 March 2019:

	2018/19			2017/18		
	Cost or Valuation £'000	Depreciation £'000	Net Book Value £'000	Cost or Valuation £'000	Depreciation £'000	Net Book Value £'000
Council Dwellings	704,671	(7,141)	697,530	739,914	(6,935)	732,979
Other Land and Buildings	3,042	(488)	2,554	2,797	(673)	2,124
Vehicles, Plant, Furniture and Equipment	-	-	-	-	-	-
Assets Under Construction	970	-	970	886	-	886
Surplus Assets not Held for Sale	326	-	326	560	-	560
Investment Properties	-	-	-	-	-	-
Assets Held for Sale	3,601	-	3,601	1,246	-	1,246
<b>As at 31 March</b>	<b>712,610</b>	<b>(7,629)</b>	<b>704,981</b>	<b>745,403</b>	<b>(7,608)</b>	<b>737,795</b>

### H2. Movement on the Major Repairs Reserve

	2018/19 £'000	2017/18 £'000
<b>Opening Balance</b>	-	-
Transfer from Capital Adjustment Account	(7,216)	(7,087)
Financing of Capital Expenditure (MRA Applied)	7,216	7,087
<b>Closing Balance</b>	-	-

### H3. Capital Expenditure and Financing

	2018/19 £'000	2017/18 £'000
Buildings	12,788	18,795
Revenue Expenditure Funded from Capital under Statute	801	271
<b>Total Spend</b>	<b>13,589</b>	<b>19,066</b>
<b>Sources of Finance</b>		
Major Repairs Reserve	7,216	7,087
Grants and Contributions	1,113	75
Capital Receipts	1,080	3,256
Borrowing	4,180	-
Revenue Contributions to Capital	-	8,648
<b>Total Financing</b>	<b>13,589</b>	<b>19,066</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H4. Capital Receipts Received

	2018/19 £'000	2017/18 £'000
Land & Buildings	(2,506)	(7,810)
<b>Total</b>	<b>(2,506)</b>	<b>(7,810)</b>

### H5. Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from Capital under statute relates to capital expenditure which does not necessarily result in an asset. In 2018/19 this was £0.801 million (In 2017/18 this was £0.271 million).

### H6. Interest Received

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

	2018/19 £'000	2017/18 £'000
Interest on Cash Balances	(181)	(129)
<b>Total</b>	<b>(181)</b>	<b>(129)</b>

The Housing Revenue Account was debited with Item 8 interest of £7.705 million in 2018/19, this relates to the proportion of the external interest relating to the Housing Revenue Account.

### H7. Financial Reporting Standard (IAS) 19 – Pensions

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

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H8. Rent Arrears

	2018/19		2017/18	
	£'000	% of total rents due	£'000	% of total rents due
<b>Arrears Details</b>				
Current Tenants	1,457	3.51	1,804	4.29
Former Tenants	621	1.49	496	1.18
<b>Overall</b>	<b>2,078</b>	<b>5.00</b>	<b>2,300</b>	<b>5.46</b>
<b>Total Rents due in Year</b>	<b>41,540</b>		<b>42,084</b>	

	2018/19 £'000	2017/18 £'000
<b>Doubtful Debt provision</b>		
<b>Opening Balance</b>	<b>605</b>	<b>520</b>
Write-offs in Year	(668)	(201)
Additional Provision	787	286
<b>Closing Balance</b>	<b>724</b>	<b>605</b>

### H9. Capital Commitments

<u>Description</u>	<u>Contractor</u>	2018/19 £'000	2017/18 £'000
Kitchen and Bathroom Works	Oxford Direct Services Limited	2,423	-
Heating Works	Oxford Direct Services Limited	2,310	-
Adaptations for Disabled	Oxford Direct Services Limited	633	-
Rewiring Work	Oxford Direct Services Limited	593	-
Major Void Works	Oxford Direct Services Limited	409	-
Estate Enhancements & Reperation	Oxford Direct Services Limited	400	-
Housing System Replacement	Aareon	131	548
Refurbishment of Tower Blocks	Wilmott Dixon Energy Services	-	1,726
<b>Total HRA Capital Commitments</b>		<b>6,899</b>	<b>2,274</b>



## COLLECTION FUND

The Collection Fund is the Council's statement reflecting its statutory obligation as a Billing Authority to maintain a separate Fund showing the transactions 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 2018/19 £'000	Council Tax 2018/19 £'000	Total 2018/19 £'000	Business Rates 2017/18 £'000	Council Tax 2017/18 £'000	Total 2017/18 £'000
<b>Income</b>						
Council Tax Receivable	-	(86,861)	(86,861)	-	(81,111)	(81,111)
Business Rate Receivable	(106,710)	-	(106,710)	(91,502)	-	(91,502)
<b>Sub Total</b>	<b>(106,710)</b>	<b>(86,861)</b>	<b>(193,571)</b>	<b>(91,502)</b>	<b>(81,111)</b>	<b>(172,613)</b>
<b>Expenditure</b>						
Central Government share of PY Deficit/(Surplus)	323	-	323	257	-	257
Oxford City share of PY Deficit/(Surplus)	258	-	258	206	143	349
Oxfordshire County share of PY Deficit/(Surplus)	65	-	65	51	632	683
Police & Crime Commissioner share of PY Deficit/(Surplus)	-	-	-	-	82	82
<b>Sub Total</b>	<b>646</b>	<b>-</b>	<b>646</b>	<b>514</b>	<b>857</b>	<b>1,371</b>
<b>Precepts, Demands and Shares</b>						
Central Government Share	51,759	-	51,759	45,414	-	45,414
Oxford City Share	41,408	13,557	54,965	36,331	13,164	49,495
Oxfordshire County Precept Share	10,352	63,641	73,993	9,083	60,045	69,128
Police & Crime Commissioner share of PY Precepts Share	-	8,134	8,134	-	7,598	7,598
<b>Sub Total</b>	<b>103,519</b>	<b>85,332</b>	<b>188,851</b>	<b>90,828</b>	<b>80,807</b>	<b>171,635</b>
<b>Disregarded Amounts</b>						
Renewable Energy	8	-	8	13	-	13
<b>Sub Total</b>	<b>8</b>	<b>-</b>	<b>8</b>	<b>13</b>	<b>-</b>	<b>13</b>
<b>Charges</b>						
Transitional Protection due to Central Government	151	-	151	977	-	977
Write Offs	358	548	906	363	353	716
(Increase)/Decrease in Bad Debt Provision	(308)	176	(132)	473	122	595
(Increase)/Decrease in Provision for Appeals	2,259	-	2,259	3,350	-	3,350
Appeals charged to the Collection Fund	(1,319)	-	(1,319)	(5,127)	-	(5,127)
Cost of Collection	214	-	214	218	-	218
<b>Sub Total</b>	<b>1,355</b>	<b>724</b>	<b>2,079</b>	<b>254</b>	<b>475</b>	<b>729</b>
<b>(Surplus)/Deficit arising during year</b>	<b>(1,182)</b>	<b>(805)</b>	<b>(1,987)</b>	<b>107</b>	<b>1,028</b>	<b>1,135</b>
<b>(Surplus)/Deficit brought forward 1st April</b>	<b>(1,252)</b>	<b>(5)</b>	<b>(1,257)</b>	<b>(1,359)</b>	<b>(1,033)</b>	<b>(2,392)</b>
<b>(Surplus)/Deficit Carry forward</b>	<b>(2,434)</b>	<b>(810)</b>	<b>(3,244)</b>	<b>(1,252)</b>	<b>(5)</b>	<b>(1,257)</b>

## NOTES TO THE COLLECTION FUND

### CF1. Non-Domestic Rates

Under the arrangements for Business Rates, the Council collects Non-Domestic Rates for its area, based on local rateable values, multiplied by a uniform business rate. From April 2013 the Business Rates Retention Scheme has replaced the former scheme. The Council's "Total retained income" figure for 2018/19 was assessed at £13.842 million but the Council must pay a 50% Levy on income above the funding baseline of £6.021 million. The Council was required to pay to Central Government both the Central Share of £51.759 million plus the adjusted tariff figure of £29.031 million. In addition the Council was required to pay £10.417 million to Oxfordshire County Council.

The local rateable value (2017 Rating List) as at 31 March 2019 was £284.8 million (£273.8 million at 31 March 2018). The multiplier for 2018/19 was set at 49.3 pence in the pound (47.9 pence for 2017/18). The current rating list came into force from April 1st 2017 and will remain in force until March 31st 2021..

### 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 2018/19 Council Tax including precepts was set at £303.80 for a Band D property (£295.00 for 2017/18).

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	2,490	1,266	6/9	844
B	9,596	5,524	7/9	4,296
C	19,087	14,161	8/9	12,588
D	15,886	12,271	9/9	12,271
E	6,997	5,325	11/9	6,508
F	2,832	2,445	13/9	3,532
G	3,264	2,860	15/9	4,767
H	591	364	18/9	728
	<b>60,743</b>	<b>44,216</b>		<b>45,534</b>
Crown Properties				-
Allowance of 2% for non-collection				(911)
Total				<b>44,623</b>

# **GROUP ACCOUNTS**

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## INTRODUCTION

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

The Council has interests in a number of companies that are classified as a subsidiary, associate or joint venture, all of which have been considered for consolidation. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with the entities in scope.

The following pages include:

- Details of Subsidiaries
- Details of Joint Ventures
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Cash Flow Statement
- Notes to the Group Accounts

### Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with entities that fall into the following categories:

- ◆ Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group on a line by line basis.
- ◆ Associates – where the Council exercises a significant influence and has a participating interest. These are included in the group.
- ◆ Jointly Controlled Entities – where the Council exercises joint control with one or more organisations. These are included in the group using the equity method.
- ◆ No group relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Entity	Category	Interest	Treatment
Oxford Direct Services Limited	Subsidiary	100%	Consolidated on a line by line basis
Oxford Direct Services Trading Limited	Subsidiary	100%	Consolidated on a line by line basis
Oxford City Housing Limited	Subsidiary	100%	Consolidated on a line by line basis
Barton Oxford LLP	Jointly Controlled Entity	50%	Consolidated using the Equity Method
Oxford West End Developments Limited	Jointly Controlled Entity	50%	Consolidated using the Equity Method

## INTRODUCTION

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

The two ventures are as follows:

- ♦ Barton Oxford LLP
- ♦ Oxford West End Development Limited (OxWED)

The accounting requirements in "IFRS 11 Joint Arrangements" state the presentation requirements basis for these joint ventures as the Equity method, and this means that a disclosure note is provided showing Oxford City Council's share of the net assets and liabilities of these entities as at 31 March 2019. In addition "Disclosure of interests in Other Entities IFRS 12" requires disclosure of summary information for the joint venture as a whole and not just the Council's share. The Council's Group accounts show the long term investment in the Balance Sheet, and profits and losses in the Council's Comprehensive Income and Expenditure.

The wholly owned subsidiaries are:

- ♦ Oxford City Housing Limited (OCHL)
- ♦ Oxford Direct Services Limited (ODSL)
- ♦ Oxford Direct Services Trading Limited (ODSTL)

The accounting requirements in "IFRS 10 Consolidated Financial Statements" state the presentation requirements for wholly owned subsidiaries as line-by-line consolidation.

## SUBSIDIARIES

### G1. Oxford Direct Services Limited (ODSL)

ODSL was established during 2017/18 by the Council as a wholly owned company and became active on 1<sup>st</sup> April 2018. The Council has a 100% interest in the Company and bears the risks and benefits of all profits and losses.

The Company has been formed to provide services to the Council alone, although in the short term, due to the limitations of software systems, also provides services to other customers. The objectives of the Company are closely aligned to those of the Council. All of the non-current assets of the Company are leased to the company by the Council with interest rates which are state aid compliant so as not to distort the market. The company has applied for and received "Teckal" tax exemptions from HMRC allowing services performed for the Council to be outside the corporation tax regime.

The Company operates a pension scheme within the Oxfordshire Pension Fund which is underwritten by the Council. All risks and liabilities of the scheme are borne by the Council. As such the Company accounts for the pension scheme as a defined contribution pension scheme and all actuarial assessed risks and liabilities are accounted for within the Council's single entity accounts.

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

The Company made a surplus for the year of £1.503 million and declared an interim unpaid dividend of £0.896 million. Investing activities for the year ended involved the acquisition of vehicles through leases of £8.523 million.

#### Financial Information on ODSL

<b>Profit &amp; Loss Account</b>	<b>2018/19 £'000</b>
Revenue	(55,712)
Cost of Sales	40,959
<b>Gross Profit</b>	<b>(14,753)</b>
Administrative Expenses	12,573
<b>Operating (Surplus) / Loss</b>	<b>(2,180)</b>
Interest charges	542
<b>Profit Before Taxation</b>	<b>(1,638)</b>
Tax on Profit	135
<b>Total Comprehensive Income and Expenditure Profit</b>	<b>(1,503)</b>



## SUBSIDIARIES

<b>Balance Sheet</b>	<b>2018/19 £'000</b>
Property Plant and Equipment	6,587
<b>Non-current Assets</b>	<b>6,587</b>
Inventories	758
Debtors	8,599
Contract Assets	3,310
<b>Current Assets</b>	<b>12,667</b>
Cash and Cash Equivalents	(1,681)
Creditors	(11,531)
Contract Liabilities	(1)
<b>Current Liabilities</b>	<b>(13,213)</b>
<b>Net Assets</b>	<b>6,041</b>
<b>Financed By:</b>	
Finance Lease Liabilities	4,538
Equity	1,503
<b>Total Equity and liabilities</b>	<b>6,041</b>
	<b>Oxford City Share £'000</b>
<b>Members' interests</b>	
Finance Leases	4,538
Equity	1,503
<b>Oxford City Council Interests as at 31 March 2019</b>	<b>6,041</b>

### **Oxford City Council Commitment to ODSL**

The City Council has allocated budgets to purchase vehicles for lease to the Company. The Council has underwritten the pension scheme and as such all risks and liabilities of the pension scheme are retained by the Council.

## SUBSIDIARIES

### G2. Oxford Direct Services Trading Limited (ODSTL)

ODSTL was established during 2017/18 by the Council as a wholly owned company and became active on 1st April 2018. The Council has a 100% interest in the Company and bears the risks and benefits of all profits and losses.

The Company has been formed to provide services to the customers other than the Council, although in the short term, due to the limitations of software systems, only the trade waste service is provided through this Company. The objectives of the Company are closely aligned to those of the Council and are to provide a commercial return to pay to the Council via dividend.

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

The Company made a surplus for the year of £0.363 million and declared an interim unpaid dividend of £0.351 million.. There have been no Investing activities for the year ended.

#### Financial Information on ODSTL

<b>Profit &amp; Loss Account</b>	<b>2018/19 £'000</b>
Revenue	(4,230)
Cost of Sales	2,851
<b>Gross Profit</b>	<b>(1,379)</b>
Administrative Expenses	931
<b>Operating (Surplus) / Loss</b>	<b>(448)</b>
Interest charges	-
<b>Profit Before Taxation</b>	<b>(448)</b>
Tax on Profit	85
<b>Total Comprehensive Income and Expenditure Profit</b>	<b>(363)</b>

## SUBSIDIARIES

<b>Balance Sheet</b>	<b>2018/19 £'000</b>
Debtors	335
Cash and Cash Equivalents	1,999
<b>Current Assets</b>	<b>2,334</b>
Creditors	(1,971)
<b>Current Liabilities</b>	<b>(1,971)</b>
<b>Net Assets</b>	<b>363</b>
<b>Financed By:</b>	
Equity	363
<b>Total Equity and liabilities</b>	<b>363</b>
	<b>Oxford City Share £'000</b>
Members' interests	
Equity	363
<b>Oxford City Council Interests as at 31 March 2019</b>	<b>363</b>

### Oxford City Council Commitment to ODSTL

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

## SUBSIDIARIES

### G3. Oxford City Housing Limited (OCHL)

OCHL was established during 2016/17 by the Council as a wholly owned company. The Council has a 100% interest in the company and bears the risks and benefits of all profits and losses. OCHL has two wholly owned subsidiaries, OCHIL and OCHDL whose financial transactions have been consolidated into the Group Accounts for OCHL.

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

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

The Company made a surplus for the year of £0.658 million (loss of £0.548 million in 2017/18). Investing activities for the year ended involved the acquisition of property of £3.193 million (£0.305 million in 2017/18) and incurred no additional costs on that acquisition (£0.006 million in 2017/18).

#### Financial Information on OCHL

<b>Profit &amp; Loss Account</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Other Income	(97)	(53)
Expenses	443	571
<b>Operating (Surplus) / Loss</b>	<b>346</b>	<b>518</b>
Interest charges	114	30
<b>Loss from continuing operations</b>	<b>460</b>	<b>548</b>
<b>Other comprehensive expenditure</b>	<b>(1,118)</b>	<b>-</b>
<b>Total Comprehensive Income and Expenditure loss / (surplus)</b>	<b>(658)</b>	<b>548</b>

## SUBSIDIARIES

<b>Balance Sheet</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Operational Property	4,900	1,033
Assets Under Construction	1,396	
<b>Non-current Assets</b>	<b>6,296</b>	<b>1,033</b>
Debtors	295	119
Cash and cash equivalents	379	-
<b>Current Assets</b>	<b>674</b>	<b>119</b>
Amounts falling due within one year	(2,589)	(702)
<b>Current Liabilities</b>	<b>(2,589)</b>	<b>(702)</b>
<b>Net Assets</b>	<b>4,381</b>	<b>450</b>
<b>Financed By:</b>		
Long term loans	4,327	1,054
Short term loans	-	-
	<b>4,327</b>	<b>1,054</b>
Equity	54	(604)
<b>Total Equity and liabilities</b>	<b>4,381</b>	<b>450</b>
<b>Members' interests</b>	<b>Oxford City Share 2018/19 £'000</b>	<b>Oxford City Share 2017/18 £'000</b>
Loans to OCHL	4,327	1,054
Equity	54	(604)
<b>Oxford City Council Interests as at 31 March</b>	<b>4,381</b>	<b>450</b>

### Oxford City Council Commitment to OCHL

The City Council has allocated budgets to make loans to the investing and developing arms of the company, however each loan has to be approved individually. As such the Council has made no firm commitments which would give rise to a future outflow of cash or other resources.

## JOINT VENTURES

### G4. 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. Based on the Members' Agreement and the financial projections of the development it is no longer anticipated that the payment for the land will now be received. The land debt has therefore been fully impaired at a value of £1.171 million in both the Council's accounts and in the accounts of the LLP. Due to the Council no longer anticipating any return from the LLP, the LLP has been consolidated into the Council's Group Accounts at nil value.

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

<b>Profit &amp; Loss Account</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Sales	(28,576)	-
Cost of Sales	30,520	736
	1,944	736
Expenses	8	11
<b>Operating (Surplus) / Loss</b>	<b>1,952</b>	<b>747</b>
Interest receivable	(158)	(1)
<b>Loss / (Profit) from continuing operations</b>	<b>1,794</b>	<b>746</b>
<b>Balance Sheet</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Development Properties	5,895	33,790
Debtors	17,649	80
Cash and cash equivalents	103	101
<b>Current Assets</b>	<b>23,647</b>	<b>33,971</b>
Amounts falling due within one year	(3,156)	(1,459)
<b>Current Liabilities</b>	<b>(3,156)</b>	<b>(1,459)</b>
<b>Net Assets attributable to members</b>	<b>20,491</b>	<b>32,512</b>

## JOINT VENTURES

### Members' interests

Capital classified as a liability  
 Other reserves classified as equity  
**Members' Interests as at 31 March 2019**

<b>Barton Oxford LLP as at 31 March 2019</b>		
<b>Oxford City Share £'000</b>	<b>Grosvenor D L Share £'000</b>	<b>Total £'000</b>
-	21,872	21,872
-	(1,381)	(1,381)
<b>-</b>	<b>20,491</b>	<b>20,491</b>

Capital classified as a liability  
 Other reserves classified as equity  
**Members' Interests as at 31 March 2018**

<b>Barton Oxford LLP as at 31 March 2018</b>		
<b>Oxford City Share £'000</b>	<b>Grosvenor D L Share £'000</b>	<b>Total £'000</b>
1,171	30,927	32,098
207	207	414
<b>1,378</b>	<b>31,134</b>	<b>32,512</b>

### 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

## JOINT VENTURES

### G5. Oxford West End Development Limited (OxWED)

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

OxWED scheme involves the acquisition of railway lands jointly with Nuffield College and combines the site with the Council's adjoining holdings and promote mixed-use development. Nuffield College has entered into a JV partnership with the Council through an investment vehicle on a 50:50 basis and has invested half the cost of the acquisition of the LCR land. The adjoining Council land was transferred to OxWED during 2018/19 at a value of £8.4 million which was funded by loans to the same value, split 50:50 between the Council and Nuffield College. 50% of the net liabilities of £2.871 million (£1.884 million in 2017/18) have been incorporated in to the Council's Group Accounts.

A competitive process has been undertaken for a private sector partner to take the scheme through planning and the build stage and aims to exchange contract with the selected development partner before the end of the 2019 calendar year. The development will proceed as planned with planning permission sought, strategic infrastructure being installed, and onward sale of plots for development of housing and commercial properties.

The Oxford West End Development Limited made a loss for the year of £0.988 million (£0.943 million in 2017/18) of which the Council is responsible for half.

#### Financial Information on OxWED

<b>Profit &amp; Loss Account</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
Cost of Sales	(6)	-
<b>Gross Profit</b>	<b>(6)</b>	<b>-</b>
Other Income	(360)	(218)
Expenses	215	265
<b>Operating (Surplus) / Loss</b>	<b>(151)</b>	<b>47</b>
Interest charges	1,167	896
<b>Loss from continuing operations</b>	<b>1,016</b>	<b>943</b>
<b>Other comprehensive expenditure</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income and Expenditure loss</b>	<b>1,016</b>	<b>943</b>
<b>Balance Sheet</b>	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
<b>Non Current Assets</b>	<b>-</b>	<b>-</b>
Inventories	21,342	13,021
Debtors	57	84
Cash and cash equivalents	866	909
<b>Current Assets</b>	<b>22,265</b>	<b>14,014</b>
Amounts falling due within one year	(3,645)	(2,698)
<b>Current Liabilities</b>	<b>(3,645)</b>	<b>(2,698)</b>
<b>Net Assets attributable to members</b>	<b>18,620</b>	<b>11,316</b>



## JOINT VENTURES

Members' interest	Oxford West End Development Limited as at 31 March 2019		
	Oxford City Share £'000	Nuffield College Share £'000	Total £'000
Capital classified as a liability	10,760	10,760	21,520
Other reserves classified as equity	(1,450)	(1,450)	(2,900)
<b>Members' Interests as at 31 March 2019</b>	<b>9,310</b>	<b>9,310</b>	<b>18,620</b>
	Oxford West End Development Limited as at 31 March 2018		
	Oxford City Share £'000	Nuffield College Share £'000	Total £'000
Capital classified as a liability	6,600	6,600	13,200
Other reserves classified as equity	(942)	(942)	(1,884)
<b>Members' Interests as at 31 March 2018</b>	<b>5,658</b>	<b>5,658</b>	<b>11,316</b>

### 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.

## BASIS OF ACCOUNTING

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

### **Accounting Policies**

Accounting Policies of Oxford City Council, the LLP and the Companies have been considered to ensure the underlying accounting standards are compatible for the Group. In all respects the standards are compatible for 2018/19. 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 2018/19 the accounting policies are materially aligned.

#### Oxford City Housing Limited (OCHL)

The OCHL financial statements have been prepared under IFRS rules and include the Group Accounts for Oxford City Housing (Investment) Limited (OCHIL) and Oxford City Housing (Development) Limited (OCHDL). The Group Accounts for OCHL have been used to consolidate in to the Council's Group Accounts. Where there are options for accounting treatment, the option chosen has been compatible with the Public Sector adaptation in the Code as published by CIPFA. The accounts are therefore directly compatible with the Oxford City Council accounts.

#### Oxford Direct Services Limited (ODSL)

The ODSL financial statements have been prepared under IFRS rules. The accounts of ODSL have been used to consolidate in to the Council's Group Accounts. Where there are options for accounting treatment, the option chosen has been compatible with the Public Sector adaptation in the Code as published by CIPFA. The accounts are therefore directly compatible with the Oxford City Council accounts.

#### Oxford Direct Services Trading Limited (ODSTL)

The ODSTL financial statements have been prepared under IFRS rules. The accounts of ODSTL have been used to consolidate in to the Council's Group Accounts. Where there are options for accounting treatment, the option chosen has been compatible with the Public Sector adaptation in the Code as published by CIPFA. The accounts are therefore directly compatible with the Oxford City Council accounts.

#### Barton Oxford LLP

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

#### Oxford West End Development (OxWED)

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

## METHOD OF CONSOLIDATION

The method of consolidation adopted in the financial statements is to provide separate core financial statements consolidated on an Equity basis in the case of the LLP (at nil value) and OxWED and on a line by line basis for OCHL, ODSL and ODSTL.

Significant transactions with the entities:

Oxford City Council has provided capital loans to OCHL of £4.2 million for the purchase of properties by OCHIL and OCHDL of which £3.2 million was provided in 2018/19. Total loans including interest amount to £4.3 million. The loans are expected to be repaid in accordance with the cash flow of the Companies and is not expected within the year. It has been recorded in the Oxford City Council accounts as a long term debtor. There are also a number of debtors and creditors with the Council. These creditors and debtors are expected to be settled during the next financial year and are recorded as short term debtors and creditors in the Company and Council accounts.

Oxford City Council leases vehicles and property to ODSL. The vehicles are held as finance leases and therefore appear as debtors in the Council's accounts and as assets and a creditor in the Company accounts; the overall value of these is the same in both entities. The total value of the leases at the balance sheet date is £6.6 million. The property is held as operational leases within the Council's accounts and these therefore appear as assets in the Council and as expenditure and income in the ODSL and Council accounts respectively. There are also a number of trade debtors and creditors with the Council. These creditors and debtors are expected to be settled during the next financial year and are recorded as short term debtors and creditors in the Company and Council accounts.

Oxford City Council does not have any significant transactions with ODSTL.

Oxford City Council has provided land with an initial transfer value of £850,000 to the LLP. Interest on the transfer value had been accrued at a fixed rate of 5% compounded monthly. This loan and interest has been fully impaired in the LLP and Council accounts.

Oxford City Council has provided an additional capital loan to OxWED of £4.2 million in 2018/19. OxWED holds a total of £12.3 million in loans from the Council including interest and working capital. The loans are expected to be repaid when development on the site has been completed and are therefore recorded in the Oxford City Council accounts as long term debtors.

**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2019**

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 115).

	2018/19		2017/18	
	Gross Expenditure £'000	Gross Income £'000	Gross Expenditure £'000	Gross Income £'000
Assistant Chief Executive	11,429	(6,204)	9,733	(5,072)
Regeneration & Economy	1,878	(2,203)	1,784	(2,457)
Sustainable City	21,560	(16,489)	75,574	(63,239)
Organisational Development & Corporate Services	18,313	(2,301)	17,612	(2,710)
Housing Revenue Account (HRA)	28,289	(44,818)	34,143	(44,739)
Oxford Direct Services Ltd	37,277	(8,871)	-	-
Oxford City Housing Group	(435)	(1,087)	570	(53)
Service Level Agreements and Capital Charges	32,406	(24,783)	34,594	(24,339)
Corporate and Democratic Core	54,303	(49,759)	62,635	(58,259)
Actuarial Pension Adjustment - McCloud Ruling	3,719	-	-	-
<b>Cost of Services</b>	<b>208,739</b>	<b>(156,515)</b>	<b>236,645</b>	<b>(200,868)</b>
Other Operating Expenditure	1,657	(3,475)	1,887	(4,872)
Financing and Investment Income and Expenditure	21,096	(25,220)	12,462	(19,829)
Taxation and Non-Specific Grant Income	-	(33,321)	-	(40,445)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>231,492</b>	<b>(218,531)</b>	<b>250,994</b>	<b>(266,014)</b>
Share of (Surplus)/Deficit of Joint Ventures		508		875
Tax Expenses		220		-
<b>Group (Surplus)/Deficit</b>		<b>728</b>		<b>875</b>
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets		17,530		(37,298)
(Surplus)/Deficit on Available for Sale Financial Instruments		-		(670)
Actuarial (Gains)/Losses on Pension Assets and Liabilities		24,882		(19,962)
<b>Other Comprehensive Income and Expenditure</b>		<b>42,412</b>		<b>(57,930)</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>56,101</b>		<b>(72,075)</b>

The services shown above reflect the new management structure of the Council which was put in place in the first quarter of 2017/18. The Group Comprehensive Income and Expenditure Statement figures for 2016/17 have been amended to reflect this new structure in order to provide proper comparatives.

**GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

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

	Council's Usable Reserves	Subsidiary Usable Reserves	Total Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31st March 2017 carried forward</b>	<b>74,151</b>	<b>53</b>	<b>74,204</b>	<b>668,018</b>	<b>-</b>	<b>668,018</b>	<b>742,222</b>
<b>Movement in Reserves during 2017/18</b>							
Total Comprehensive Income and Expenditure	15,537	(1,392)	14,145	57,930	-	57,930	72,075
Adjustments between Group Accounts and Council Accounts	-	-	-	-	-	-	-
<b>Net Increase/(Decrease) before Transfers</b>	<b>15,537</b>	<b>(1,392)</b>	<b>14,145</b>	<b>57,930</b>	<b>-</b>	<b>57,930</b>	<b>72,075</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	(5,008)	-	(5,008)	5,008	-	5,008	-
<b>Increase/(Decrease) in 2017/18</b>	<b>10,529</b>	<b>(1,392)</b>	<b>9,137</b>	<b>62,938</b>	<b>-</b>	<b>62,938</b>	<b>72,075</b>
<b>Balance at 31st March 2018 carried forward</b>	<b>84,680</b>	<b>(1,339)</b>	<b>83,341</b>	<b>730,956</b>	<b>-</b>	<b>730,956</b>	<b>814,297</b>
<b>Movement in Reserves during 2018/19</b>							
Total Comprehensive Income and Expenditure	(14,458)	769	(13,689)	(43,530)	1,118	(42,412)	(56,101)
Adjustments between Group Accounts and Council Accounts	26,914	(26,914)	-	-	-	-	-
<b>Net Increase/(Decrease) before Transfers</b>	<b>12,456</b>	<b>(26,145)</b>	<b>(13,689)</b>	<b>(43,530)</b>	<b>1,118</b>	<b>(42,412)</b>	<b>(56,101)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	20,499	-	20,499	(20,499)	-	(20,499)	-
<b>Increase/(Decrease) in 2018/19</b>	<b>32,955</b>	<b>(26,145)</b>	<b>6,810</b>	<b>(64,029)</b>	<b>1,118</b>	<b>(62,911)</b>	<b>(56,101)</b>
<b>Balance at 31st March 2019 carried forward</b>	<b>117,635</b>	<b>(27,484)</b>	<b>90,151</b>	<b>666,927</b>	<b>1,118</b>	<b>668,045</b>	<b>758,196</b>

## GROUP BALANCE SHEET AS AT 31 MARCH 2019

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

	Note	2018/19 £'000	2017/18 £'000
Property, Plant & Equipment	2	878,559	905,323
Heritage Assets		2,898	2,898
Investment Properties		127,901	124,903
Intangible Assets		1,742	1,333
Long Term Investments	11	24,221	17,961
Long Term Debtors	11	80,502	77,512
<b>Long Term Assets</b>		<b>1,115,823</b>	<b>1,129,930</b>
Short Term Investments	11	72,500	61,166
Assets Held for Sale		3,467	6,789
Inventories	3	778	769
Short Term Debtors	5	21,947	17,657
Cash and Cash Equivalents	4 & 11	14,632	9,170
Contract Assets		383	-
<b>Current Assets</b>		<b>113,707</b>	<b>95,551</b>
Short Term Borrowing	11	-	-
Short Term Creditors	6	(43,921)	(29,713)
Contract Liabilities		-	-
<b>Current Liabilities</b>		<b>(43,921)</b>	<b>(29,713)</b>
Long Term Creditors	11	(544)	(185)
Provisions		(7,820)	(6,589)
Long Term Borrowing	11	(198,528)	(198,528)
Other Long Term Liabilities	11	(210,809)	(171,648)
Capital Grants Receipts in Advance		(9,712)	(4,521)
<b>Long Term Liabilities</b>		<b>(427,413)</b>	<b>(381,471)</b>
<b>Net Assets</b>		<b>758,196</b>	<b>814,297</b>
Usable Reserves	MIRS	(90,151)	(83,341)
Unusable Reserves		(668,045)	(730,956)
<b>Total Reserves</b>		<b>(758,196)</b>	<b>(814,297)</b>

## CASHFLOW STATEMENT

This statement shows the total Cashflow for the whole group.

	2018/19 £'000	2017/18 £'000
Net (Surplus)/Deficit on the Provision of Services	13,689	(14,145)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	(30,941)	(1,057)
<b>Net Cash Flows from Operating Activities</b>	<b>(17,252)</b>	<b>(15,202)</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	32,968	37,729
Purchase of Short-Term and Long-Term Investments	11,350	20,794
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(18,687)	(9,488)
Other Capital Cash Receipts in Advance	(5,538)	(17,601)
<b>Total Cash Flows from Investing Activities</b>	<b>20,093</b>	<b>31,434</b>
Repayment of Long Term Borrowing	-	-
Other receipts from Financing Activities	(8,303)	(3,283)
Payments for the reduction of a Finance Lease Liability	-	-
<b>Total Cash Flows from Financing Activities</b>	<b>(8,303)</b>	<b>(3,283)</b>
<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>(5,462)</b>	<b>12,949</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period	(9,170)	(22,119)
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>(14,632)</b>	<b>(9,170)</b>

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## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 1. Financing and Investment Income and Expenditure

	2018/19 £'000	2017/18 £'000
Interest Payable and Similar Charges	6,492	6,509
Pensions Interest Costs and Expected Return on Pensions Assets	4,741	5,113
Finance Charges	(2,960)	(2,902)
Interest Receivable and Similar Income	(1,962)	(1,606)
Impairment of Barton Long Term Debt	1,171	-
Impairment of National Homelessness Property Fund	973	-
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(9,856)	(12,859)
Dividends	-	-
Other Investment Income	(2,724)	(1,622)
<b>Total</b>	<b>(4,125)</b>	<b>(7,367)</b>



## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 2 Property, Plant and Equipment Movements in 2018/19

#### Movements in 2018/19

	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
<b>Cost or Valuation</b>								
<b>At 1 April 2018</b>	739,914	162,455	23,904	2,611	1,020	2,484	5,707	938,095
Additions	12,296	10,283	1,534	80	19	-	4,509	28,721
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(17,893)	7,435	-	-	-	(5)	-	(10,463)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(12,411)	(4,855)	-	-	-	(234)	-	(17,500)
Derecognition - disposals	-	(2,378)	(1,756)	-	-	-	-	(4,134)
Derecognition - other	(1,748)	(414)	-	-	-	(292)	-	(2,454)
Assets reclassified (to)/from Held for Sale	(1,442)	(4,433)	-	-	-	-	-	(5,875)
Intercompany Asset Transfers	(470)	470	-	-	-	-	-	-
Other movements in cost or valuation	(13,575)	(283)	-	-	-	-	283	(13,575)
<b>At 31 March 2019</b>	<b>704,671</b>	<b>168,280</b>	<b>23,682</b>	<b>2,691</b>	<b>1,039</b>	<b>1,953</b>	<b>10,499</b>	<b>912,815</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2018</b>	(6,935)	(12,319)	(13,271)	(175)	(9)	(63)	-	(32,772)
Depreciation charge	(7,221)	(4,142)	(2,555)	(77)	(9)	(14)	-	(14,018)
Depreciation written out to the Revaluation Reserve	5,676	2,150	-	-	-	-	-	7,826
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,260	1,506	-	-	-	-	-	2,766
Derecognition - disposals	73	-	1,421	-	-	-	-	1,494
Derecognition - other	-	63	-	-	-	-	-	63
Other movements in depreciation and impairment	6	323	-	-	-	56	-	385
<b>At 31 March 2019</b>	<b>(7,141)</b>	<b>(12,419)</b>	<b>(14,405)</b>	<b>(252)</b>	<b>(18)</b>	<b>(21)</b>	<b>-</b>	<b>(34,256)</b>
<b>Net Book Value</b>								
At 31 March 2019	697,530	155,861	9,277	2,439	1,021	1,932	10,499	878,559
At 31 March 2018	732,979	150,136	10,633	2,436	1,011	2,421	5,707	905,323
<b>Movement in NBV</b>	<b>(35,449)</b>	<b>5,725</b>	<b>(1,356)</b>	<b>3</b>	<b>10</b>	<b>(489)</b>	<b>4,792</b>	<b>(26,764)</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 2. Property, Plant and Equipment—cont.—Comparative Movements in 2017/18

#### Movements in 2017/18

	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
<b>Cost or Valuation</b>								
<b>At 1 April 2017</b>	722,074	138,806	22,789	389	1,126	5,940	3,006	894,130
Additions	18,567	7,967	1,976	100	10	-	6,361	34,981
Assets recognised / derecognised under finance lease	117	117	-	-	-	-	-	234
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	18,981	20,175	-	-	(34)	(170)	-	38,952
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,556)	(7,251)	-	-	-	234	-	(12,573)
Derecognition - disposals	-	-	(860)	-	-	-	-	(860)
Derecognition - other	(1,080)	(204)	-	-	-	(1)	(232)	(1,517)
Assets reclassified (to)/from Held for Sale	(3,171)	(4)	-	-	-	(3,254)	-	(6,429)
Intercompany Asset Transfers	(1,033)	1,033	-	-	-	-	-	-
Other movements in cost or valuation	(8,985)	1,816	(1)	2,122	(82)	(265)	(3,428)	(8,823)
<b>At 31 March 2018</b>	<b>739,914</b>	<b>162,455</b>	<b>23,904</b>	<b>2,611</b>	<b>1,020</b>	<b>2,484</b>	<b>5,707</b>	<b>938,095</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2017</b>	(6,631)	(13,072)	(11,819)	(149)	(111)	(61)	-	(31,843)
Depreciation charge	(7,003)	(4,025)	(2,241)	(14)	(8)	(15)	-	(13,306)
Depreciation written out to the Revaluation Reserve	5,260	1,949	-	-	110	13	-	7,332
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,371	2,795	-	-	-	-	-	4,166
Derecognition - disposals	-	-	751	-	-	-	-	751
Derecognition - other	24	19	-	-	-	-	-	43
Other movements in depreciation and impairment	44	15	38	(12)	-	-	-	85
<b>At 31 March 2018</b>	<b>(6,935)</b>	<b>(12,319)</b>	<b>(13,271)</b>	<b>(175)</b>	<b>(9)</b>	<b>(63)</b>	<b>-</b>	<b>(32,772)</b>
<b>Net Book Value</b>								
At 31 March 2018	732,979	150,136	10,633	2,436	1,011	2,421	5,707	905,323
At 31 March 2017	715,443	125,734	10,970	240	1,015	5,879	3,006	862,287
<b>Movement in NBV</b>	<b>17,536</b>	<b>24,402</b>	<b>(337)</b>	<b>2,196</b>	<b>(4)</b>	<b>(3,458)</b>	<b>2,701</b>	<b>43,036</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 3. Inventories

	Consumable Inventories		Maintenance Inventories		Total	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Balance Outstanding at Start of Year	6	19	763	829	769	848
Purchases	127	27	4,103	4,020	4,230	4,047
Recognised as an Expense in the Year	(113)	(40)	(4,108)	(4,086)	(4,221)	(4,126)
<b>Balance Outstanding at Year End</b>	<b>20</b>	<b>6</b>	<b>758</b>	<b>763</b>	<b>778</b>	<b>769</b>

### 4. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2018/19 £'000	2017/18 £'000
Cash Held by the Council	13,670	9,960
Bank Current Accounts	263	-
Cash Held by Subsidiaries	699	(790)
<b>Total Cash and Cash Equivalents</b>	<b>14,632</b>	<b>9,170</b>

### 5. Short Term Debtors

The table below shows the amount that the group was owed at 31 March 2019 by third parties, together with amounts paid by the group in advance of the receipt of goods or services.

	2018/19 £'000	2017/18 £'000
Trade Receivables	8,354	6,565
Other Receivables	13,593	11,092
<b>Total</b>	<b>21,947</b>	<b>17,657</b>

### 6. Short Term Creditors

The table below shows the amount that the group owed as at 31 March 2019 to third parties, together with amounts received by the group in advance of supply of goods or services.

	2018/19 £'000	2017/18 £'000
Trade Payables	(16,509)	(12,125)
Other Payables	(27,412)	(17,588)
<b>Total</b>	<b>(43,921)</b>	<b>(29,713)</b>

### 7. External Audit Costs

The group 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:

	2018/19 £'000	2017/18 £'000
External Audit	77	96
Public Sector Audit Appointment Rebate	-	(13)
Certification of Grant Claims & Returns	-	25
<b>Total</b>	<b>77</b>	<b>108</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 8. Finance Leases as a Lessor

The group 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 from the group. This note excludes the vehicles leased within the group from the Council to its wholly owned company, Oxford Direct Services Limited.

	31 Mar 2019 £'000	31 Mar 2018 £'000
<b>Finance Lease debtor (net present value of minimum lease payments)</b>		
- Current	9	7
- Non Current	61,985	61,330
Unguaranteed Residual Value of Property*	4,073	4,074
<b>Gross Investment in the Lease</b>	<b>66,067</b>	<b>65,411</b>

\* 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 2019 £'000	31 Mar 2018 £'000	31 Mar 2019 £'000	31 Mar 2018 £'000
Not later than one year	9	7	9	7
Later than one year and not later than five years	41	33	41	33
Later than five years	66,017	65,371	61,944	61,297
<b>Total</b>	<b>66,067</b>	<b>65,411</b>	<b>61,994</b>	<b>61,337</b>

### 9. Operational Leases as a Lessor

The group leases out Property and Equipment under Operational Leases. These include shorter term leases where the risks and rewards are retained by the group. This note excludes the depot property leases which are leased by the Council to Oxford Direct Services Limited.

The future sums receivable under non -cancellable lease in future years are:

Operating Leases	31 Mar 2019 £'000	31 Mar 2018 £'000
Not later than one year	6,801	5,484
Later than one year and not later than five years	20,754	18,535
Later than five years	70,760	64,928
<b>Total</b>	<b>98,315</b>	<b>88,947</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 10. Revaluation Reserve

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

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

The Reserve contains revaluation gains accumulated by the Council and the Oxford City Housing Limited Group in their Revaluation Reserves.

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	<b>(325,745)</b>	<b>(284,576)</b>
Upward revaluation of assets	(26,477)	(60,278)
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	44,006	22,980
	<b>(308,216)</b>	<b>(321,874)</b>
Amount written off to the Capital Adjustment Account	8,748	(3,871)
<b>Balance at 31 March</b>	<b>(299,468)</b>	<b>(325,745)</b>

### 11. Financial Instruments

#### Financial Assets

	Non Current				Current			
	Investments		Debtors		Investments		Debtors	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Fair Value through Profit or Loss	24,221	11,979	80,502	85,283	14,632	9,170	17,158	13,605
Amortised Cost	-	-	-	-	72,500	61,166	-	-
<b>Total Financial Assets</b>	<b>24,221</b>	<b>11,979</b>	<b>80,502</b>	<b>85,283</b>	<b>87,132</b>	<b>70,336</b>	<b>17,158</b>	<b>13,605</b>

#### Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 Restated *	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Amortised Cost	(198,528)	(198,528)	(1,182)	(844)	-	-	(25,224)	(11,130)
<b>Total Financial Assets</b>	<b>(198,528)</b>	<b>(198,528)</b>	<b>(1,182)</b>	<b>(844)</b>	<b>-</b>	<b>-</b>	<b>(25,224)</b>	<b>(11,130)</b>

\* Prior year disclosure of non-current creditors included 'Liability for Defined Pension Scheme'. It has been determined this figure should be excluded from the Financial Instruments disclosure note and consequently the 2017/18 Pension Scheme liability of £171.0 million has been removed from the prior period figure for non-current creditors stated above. This reduces the 2017/18 non-current creditors balance stated in Note 18 from £171.8 million to £0.8 million.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

	2018/19		2017/18	
	Surplus / (Deficit) on the Provision of Services £'000	Other Comprehen- sive Income and Expenditure £'000	Surplus / (Deficit) on the Provision of Services £'000	Other Comprehen- sive Income and Expenditure £'000
<b>Net gains/losses on:</b>				
Financial Assets Measured at Fair Value	(2,060)	-	-	670
Financial Assets Measured at Amortised Cost	(166)	-	-	-
	(2,226)	-	-	670
<b>Interest Revenue</b>				
Financial Assets Measured at Fair Value	426	-	-	434
Financial Assets Measured at Amortised Cost	1,619	-	1,172	-
	2,045	-	1,172	434
<b>Interest Expense</b>	(6,492)	-	(6,508)	-

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# **ACCOUNTING POLICIES**

## ACCOUNTING POLICIES

### Accounting Policies

#### AP1. General Principles

The Statement of Accounts summarises the Council's financial transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance, issued under Section 12 of the 2003 Act.

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

#### AP2. Accruals of Income and Expenditure

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

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

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

Exceptions to this principle are:

- i. utility bills and similar instalment payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts
- ii. certain payments made on a claims basis which are regular in terms of incidence (such that the accounting period contains twelve full months) or for which the accrual would be immaterial
- ii. accruals of less than £500 are not adjusted for within the accounts due to the level of materiality of the transactions.

## ACCOUNTING POLICIES

### AP3 Acquisitions and Discontinued Operations

#### Discontinued Operations

The staff and services provided by the Council's Direct Services department were transferred at 1<sup>st</sup> April 2018 to two new wholly owned companies:

- Oxford Direct Services Limited
- Oxford Direct Services Trading Limited

The staff were transferred under TUPE arrangements. Accounting treatment of the pension arrangements is included in the Employee Benefits accounting policy. Further details of the transfer are included in a separate note to the accounts.

#### AP4. Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash Equivalents are readily convertible to known amounts of cash with insignificant risk of change in value. The Council regards overnight funds to represent a Cash Equivalent. Cash also includes bank overdrafts that are repayable on demand and that are integral to a Council's cash management.

#### AP5. 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, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

#### AP6. Charges to Revenue and Non-Current Assets

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

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

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

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

## ACCOUNTING POLICIES

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:

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

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

### **AP7. Council Tax and Non Domestic Rates-Principal and Agent Accounting Policy**

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

### **Accounting for Council Tax and NDR**

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

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

### **AP8. 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.

## ACCOUNTING POLICIES

### Termination Benefits

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

### Post-employment Benefits

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

### The Local Government Pension Scheme

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

- Oxford City Council includes the output of the actuary IAS 19 report within the accounts which provides an actuarial valuation of the pension costs of staff of the Council and the staff of the Oxford Direct Services Limited. This is because any burden of pension costs above the LATC set contribution rate are guaranteed to be met by the Council. Pension costs are therefore accounted for with the Oxford Direct Services Limited accounts at the contribution rate since their element of the scheme is defined by contribution rather than benefit (as per the pension pooling agreement between the Council, Oxfordshire County Council and Oxford Direct Services Limited)
- the liabilities of the Oxfordshire County Council Pension Fund attributable to the Council, and Oxford Direct Services Limited are therefore included in the Oxford City Council Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to-date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- the liabilities are discounted to their value at current prices, using a discount rate of 2.4 %. The discount rate is the annualised yield at the 20 year point on the Merrill Lynch AA rated corporate bond yield curve
- the assets of Oxfordshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – margin above yield

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

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

## ACCOUNTING POLICIES

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.

### 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.

### AP9 Events After the Reporting Period

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

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

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

## ACCOUNTING POLICIES

### AP10. Financial Instruments

#### 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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

#### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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 (CIES) 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 financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

#### Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Lease receivables are based on the rental on the leased assets which in turn is based on the value of those assets. On cessation of a lease, the asset will revert to being accounted for in non current assets so it is therefore not considered appropriate to make an impairment charge to revenue.

The Council has provided capital loans to its wholly owned Housing Company. These are assessed for impairment based on the business plans of the company and if there is an assessed impairment then these loans will be impaired in line with the Council's MRP policy.

## ACCOUNTING POLICIES

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL 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. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets 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.

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.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### Fair Value through Other Comprehensive Income (FVOCI)

The Council is able to designate Equity held in its own companies as FVOCI – the default is FVPL – since they are not held for trading. The designation is irrevocable & must be made at initial recognition. The Council has not designated any investments in equity instruments to FVOCI; its shares in its own companies are held at cost.

### Reclassifications, modifications or derecognition or transfer of financial assets

There are no reclassifications, modifications or derecognitions or transfers of financial assets.

### **AP11. 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

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.



## ACCOUNTING POLICIES

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.

### **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.

### **AP12. 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. Heritage Assets are revalued every 5 years. The next valuation is due for the 2020/21 financial year.

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

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.

- Heritage Non Operational Property

The Council has identified the Plain Fountain, Martyrs' Memorial, and surviving fragments of the City walls and accompanying bastions, which are significant assets in terms of their cultural and heritage presence. These assets are included in the Balance Sheet their depreciated replacement cost. Their values will be reviewed every five years to ensure any potential material changes can be reflected.

## ACCOUNTING POLICIES

- Rewley Abbey Wall

The Council has identified Rewley Abbey Wall as meeting the criteria of Heritage Assets. However, this asset lacks any comparable market values and cost records do not exist. The cost of providing a Balance Sheet valuation would be disproportionate to any benefit to the user of the Council's financial statements and therefore is excluded from the Balance Sheet.

- 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.

### **AP13. 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).

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.

## ACCOUNTING POLICIES

### **AP14. Interest in Companies and Other Entities**

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

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

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

The Council has two wholly owned companies to undertake work previously undertaken by the Direct Services department, Oxford Direct Services Limited (ODSL) and Oxford Direct Services Trading Limited (ODSTL). These companies will be included in the Council's Group Accounts for 2018-19, and the Pension arrangements in respect of the IAS19 calculations will be included in the single entity accounts.

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

### **AP15. 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.

### **AP16. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, 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.

## ACCOUNTING POLICIES

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).

### **AP17. 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 has 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).

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).

## ACCOUNTING POLICIES

### 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.

#### AP18.Overheads and Support Services

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

#### AP19.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.

## ACCOUNTING POLICIES

### Measurement

Assets are initially measured at cost, comprising:

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

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

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

- infrastructure, community assets, vehicles, plant & equipment and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of Existing Use Value for Social Housing (EUVS-H) 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 (EUVS)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

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

## ACCOUNTING POLICIES

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

### Depreciation

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

Depreciation is calculated on the following bases:

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

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

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.

## ACCOUNTING POLICIES

### 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.

### AP20.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.



## ACCOUNTING POLICIES

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.

### **AP21. 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.

## ACCOUNTING POLICIES

### **AP22. 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.

### **AP23. 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.

### **AP24. Fair Value Measurement**

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

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

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

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

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

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

### **AP25. 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.

### **AP26. Dividends from Owned Companies**

The Council will accrue dividends from its wholly owned or part owned companies into its single entity accounts in the year that a dividend has been approved by Directors and agreed by shareholders.

# **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.

### **DCMS**

Department of Culture, Media and Sport.

### **DECC**

Department of Energy and Climate Change.

### **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.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Deferred Grants**

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

### **DEFRA**

Department for Environment, Food and Rural Affairs.

### **Depreciation**

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

### **DFT**

Department for Transport.

### **DWP**

Department of Work and Pensions.

### **Earmarked Reserves**

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

### **Earmarked Reserves**

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

### **Finance Lease**

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

### **GAAP**

Generally Accepted Accounting Practice.

### **General Fund**

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

### **General Fund Balance**

Balance at Year End not earmarked for any specific purpose.

### **Group Accounts**

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

### **HCA**

Homes Communities Agency.

### **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.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **HIA**

Home Improvement Agency.

### **HMO**

House in Multiple Occupation.

### **Housing Revenue Account (HRA)**

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

### **IAS**

International Accounting Standard.

### **Intangible Asset**

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

### **International Financial Reporting Standards (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 are held 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.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **LGA**

Local Government Association.

### **Liability**

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

### **Long Term Assets - Tangible**

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

### **Long Term Assets – Intangible**

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

### **Long Term Debtors**

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

### **MHCLG**

Ministry for Housing, Communities and Local Government.

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

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

### **Non-Current Asset**

This is the same as a Long Term Asset.

### **Non operational Assets**

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

### **Operational Asset**

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

### **Operating Lease**

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

### **Pension Fund**

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

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

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



## GLOSSARY OF TERMS AND ABBREVIATIONS

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

### **Precept**

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

### **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 Ministry of Housing, Communities and Local Government (MHCLG), which is based on the Government’s assessment as to what should be spent on local services. The amount provided by the MHCLG 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.

### **Surplus or Loss on the Sale of Fixed Assets**

This is an accounting requirement which requires the book value of the asset sold to be compared to the net proceeds to calculate the surplus or deficit on the transaction.

### **Teckal Exemption**

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

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**INDEPENDENT AUDITORS REPORT  
AND CERTIFICATE**

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

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

#### Opinion

We have audited the financial statements of Oxford City Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- Related notes to support the financial statements 1 to 44 and G1 to G11, and the Council Expenditure and Funding Analysis,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes H1 to H9
- Collection Fund and the related notes CF1 and 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 2018/19.

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 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of Oxford City Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the Head of Financial Services' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or  
the Head of Financial Services has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. The Head of Financial Services is responsible for the other information.

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014**

#### **Arrangements to secure economy, efficiency and effectiveness in the use of resources**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, 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 2019.

#### **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.

#### **Responsibility of the Head of Financial Services**

As explained more fully in the Statement of 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 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Financial Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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.

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditors-responsibilities>. This description forms part of our auditor's report.

### **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 2017, 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 Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the [name of body] put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

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.

### **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.

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

### Use of our report

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.

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



Janet Dawson (Key Audit Partner)

Date

07 August 2019

Ernst & Young LLP (Local Auditor)

London

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

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

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# Statement of Accounts 2018-2019

