

# Statement of Accounts



2014-2015



Building a world-class city for everyone

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## CONTENTS

	<b>PAGES</b>
<b>INTRODUCTION</b>	
STATEMENT OF RESPONSIBILITIES	6
EXPLANATORY FOREWORD	7-20
<b>CORE FINANCIAL STATEMENTS:</b>	
MOVEMENT IN RESERVES STATEMENT	23
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	24
BALANCE SHEET	25
CASH FLOW STATEMENT	26
<b>NOTES TO THE CORE FINANCIAL STATEMENTS</b>	<b>29-79</b>
<b>SUPPLEMENTARY FINANCIAL STATEMENTS</b>	
HOUSING REVENUE ACCOUNT AND NOTES	83-88
COLLECTION FUND AND NOTES	89-90
GROUP ACCOUNTS	91-97
<b>ACCOUNTING POLICIES</b>	<b>100-115</b>
<b>GLOSSARY OF TERMS AND ABBREVIATIONS</b>	<b>118-122</b>
<b>INDEX OF NOTES TO THE ACCOUNTS</b>	<b>126-127</b>
<b>INDEPENDENT AUDITORS REPORT AND CERTIFICATES</b>	<b>130-132</b>

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# **INTRODUCTION**

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## INTRODUCTION

Welcome to Oxford City Council's Statement of Accounts for the year ending 31 March 2015.

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

The report provides, in accordance with International Financial Reporting Standards (IFRS), the accounts for the General Fund, Housing Revenue Account, Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of its Assets and Liabilities as at 31 March 2015. Other supporting statements are provided to help explain the figures in the accounts. In addition, a glossary can be found on pages 118 to 122 to help explain some of the technical terms.

On pages 91 to 97 the main Accounting Statements are replicated to incorporate the Group Accounts of the Authority. These Group accounts reflect the Council's financial position inclusive of its 50% share in Barton Oxford LLP, the Council's Joint Venture with Grosvenor Developments Limited.

The Accounts and all relevant documents are subject to review by the Council's External Auditors, Ernst & Young, who will provide their opinion on the Council's Accounts. Ernst & Young LLP gave an unqualified opinion on the Statement of Accounts presented for 2013/14.

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

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

Nigel Kennedy  
Head of Financial Services (Section 151 Officer)

Oxford City Council  
1st Floor, St Aldate's Chambers  
109 St. Aldate's  
Oxford  
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## INTRODUCTION

### The Authority's Responsibilities

The Authority 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 Authority, 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 Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing the Statement of Accounts, the Head of 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.

The Head of Financial Services (Section 151 Officer) has also:

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

The Statement of Accounts as set out on pages 23 to 114 presents a true and fair view of the financial position of Oxford City Council as at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

The unaudited Accounts were issued on 29 June 2015 and the audited accounts are now authorised for issue on 15 September 2015.

Signed		Date	<u>15/9/15</u>
	Nigel Kennedy Head of Financial Services (Section 151 Officer)		
Signed		Date	<u>15/9/15</u>
	Councillor Chair of Audit & Governance Committee		



## EXPLANATORY FOREWORD

### Purpose of Explanatory Foreword

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

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

The Council's accounting policies are set out on pages 100 to 114 of the Statement of Accounts. These Policies are largely unchanged from last year. However, there are some changes and events that have taken place over the year which have a material impact on the understanding of the Accounts.

#### Material Changes

- **St Aldate's Chambers**  
On 31st March 2015 the Council purchased the sub lease of St Aldate's Chambers; its administrative base, for £7.5 million. This removes the obligation on the Council to pay £300k per annum in rent to the British Airways Pension Fund in favour of a 126 year lease with the freeholder Merton College, at a rent of £2,500 per annum.
- **Westgate Development**  
The Council entered into a Development Agreement (DA) with the Westgate Oxford Alliance (WOA), a partnership between Land Securities & Crown Estates, to redevelop the Westgate Centre. WOA accepted the unconditional DA on 5 February 2015 at which point works on site commenced. The transaction resulted in a net increase in assets of around £41.957 million representing the difference between the old lease on the shopping centre and the new one. Under the agreement the Council is reimbursed the net income which it would have obtained from Westgate Car Park (£2.4 million per annum throughout the 3 year development period) which also forms the basis of revenue income to the Council once the development is operational.
- **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 2015.

The liability reported as at 31 March 2014 was £107.3 million. The revised liability as at the 31 March 2015 is £145.3 million. The increase is due to a number of factors, the most significant of which are actuarial losses of £33.2 million (due to significant losses arising from changes in financial assumptions, offset by gains related to the return on fund assets) and net interest costs. More information regarding the Defined Benefit Pension Scheme can be found in note 39 of the Statement of Accounts (page 70). The past history of the movement on the pension liability is disclosed and shows that over the past six years the liability has been as high as £145.6 million. The overall liability this year can be seen to be only £0.3 million lower than the peak experienced.

- **Business Rates Retention**  
Over recent years, Business Rates have been collected by councils and paid over to Central Government. The Government would then redistribute Business Rates revenues on a formulaic basis as part of the Local Government Finance Settlement. All of the risks of non-collection were borne by Central Government. From 1 April 2013 the basis for this funding changed.

## EXPLANATORY FOREWORD

The funding received from Retained Business Rates is now directly dependant on the amount of Business Rates collected locally. Total Business Rates collected, after allowing for appeals and losses on collection are split 50/50 between the Billing Authority (Oxford City Council) and Central Government known as the Local and Central Share respectively. The Billing Authority, in turn, distributes the local share between itself and the County Council on an 80/20 basis. A tariff payment is paid, in the City Council's case, increased by inflation each year, to Central Government. The remaining amount is then compared to the Baseline Funding Figure (for Oxford City this is £5.575 million for 2014/15) and a levy of 50% on the excess is payable to the Government, leaving the balance with the Billing Authority.

Business Rates yield can vary due to appeals losses on collection and business closures or start-ups. Hence the amount of income derived from Retained Business Rates is variable. This risk is now shared between Central Government, Oxford City Council and Oxfordshire County Council in the percentages 50% / 40% / 10% respectively. The Government has set a "safety net" which applies if Business Rates income falls by more than 7.5% in comparison to Baseline Funding. In the City Council's case this safety net will come into effect should Business Rate income fall below the baseline by more than £418,125.

The new scheme has led to changes in accounting in the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Collection Fund.

A deadline of 31<sup>st</sup> March 2015 was put in place for backdated appeals and consequently, the Council experienced a far higher level of appeals activity than anticipated. The estimated total cost of this to the Collection Fund is £12.8 million. This has pushed the Council into a safety net position, which means that its retained business rates income is below 92.5% of the Baseline Funding Figure and the Government will pay the Council £418,125 (the difference is so that the Council receives an amount equal to the safety net figure). However, there is a disparity between the accounting basis for recording transactions and the legislative basis for charging income and expenditure relating to Business Rates to the General Fund. This allows surpluses and deficits on the Collection Fund to be reversed out of the General Fund; however, there is no statutory override for the reversal out of safety net or levy payments. There is therefore a timing difference between these two elements. Due to this, the Council uses an earmarked reserve to smooth the income received in the General Fund.

For 2014/15 the Council received the amount calculated on the NNDR1 Form submitted to Government in January 2014, adjusted for any accrued levy or safety net payments. Any difference between the amount calculated on the NNDR1 Form and in-year activity forms the National Non Domestic Rates (NNDR) Collection Fund balance for the year and is distributed in subsequent financial years amongst the main preceptors in proportion to precepts. There is a deficit on the NNDR Collection Fund for 2014/15 of £10.5 million due to the level of appeals (of which the Council's share is £4.2 million) and the Council is due to receive a safety net payment of £2.1 million from the Government. The Collection Fund deficit will only be charged to the General Fund in 2016/17 after it has been included on the NNDR1 for that year; therefore the Council has set aside £3.3 million in an earmarked reserve towards the cost of this Collection Fund deficit.

Further details on the Collection Fund can be found on page 89.

- **Prior Year Restatement**

The Authority has a material interest in the Barton Oxford LLP. The LLP is a joint venture that develops land which will be sold for housing development. The Council has a 50% interest in the Company and shares profit and losses.

## EXPLANATORY FOREWORD

Group Accounts are prepared to incorporate the Barton Oxford LLP on a net equity basis. The equity accounting method is a requirement of IFRS 11 and was introduced in 2014/15 replacing the proportionate basis of consolidation previously employed by the Council.

This change in accounting policy requires a third balance sheet to be presented in the group section of the Council's Statement of Accounts. Further details are shown on page 94.

### 2. Summary of 2014/15 Outturn

#### General Fund

The Council's outturn position was favourable at the year end with a surplus of £1.808 million which was subsequently transferred into Earmarked Reserves primarily for funding future capital schemes. The surplus was generated largely from additional rental income of around £0.780 million, car parking income of £0.450 million, and income from court costs in respect of council tax arrears of £0.280 million as well as lower Pension Fund costs. Further details are given below.

#### HRA

The HRA outturn position was favourable at the year end with a surplus of £2.565 million, after making a contribution to the HRA Capital Expenditure Reserve of £7.7 million. Further details are given below.

#### Capital

The Council's Capital Programme showed a total spend of £49 million; an underspend against the original budget (£63 million) of some £14 million. Of this variation approximately £4 million related to low take up of broadband from businesses, a £1 million increase in property acquisitions for homeless families agreed by Council in February 2015, a £1 million slippage in vehicle purchases, £1 million slippage in the car park provision programme, £3 million slippage in the project for the construction of Rose Hill Community Centre and a £1.7 million slippage in the affordable homes programme.

The Council has implemented a new Capital Gateway process which will more closely track the delivery of capital projects against predefined criteria. It is anticipated that this process will improve capital programme delivery in the future.

### 3. The Statement of Accounts

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

- The Statement of Responsibilities, setting out the general responsibilities of both the City Council, and the Section 151 Officer (The Head of 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).
- The Core Financial Statements (pages 23 to 26, supplementary statements 83 to 97) incorporating:
  - 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.
  - b. The Comprehensive Income and Expenditure Statement - a statement which incorporates all revenue income and expenditure relating to the year.
  - c. Balance Sheet - which records all the assets and liabilities at the Balance Sheet date of 31 March.
  - d. Cashflow Statement - a statement that shows the inflows and outflows of cash during the year reconciled to the year end cash position.

## EXPLANATORY FOREWORD

- e. Housing Revenue Account - a statement which brings together all transactions during the year in relation to the management and maintenance of the Council's 7,717 dwelling stock.
  - f. Collection Fund - a statement which brings together all transactions during the year relating to the collection of Business Rates and Council Tax income together with payments and receipts from Government and payments made to the preceptors; the County Council, Police and Crime Commissioner (Thames Valley) and Parish Councils.
  - g. Group Accounts - Statements which reflect the Council's 50% interest with Grosvenor Developments Limited in a joint venture for the construction of dwellings at Barton. The Council's share of the assets and liabilities of this company 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 100 to 114).

### 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 £59.2 million as at 31 March 2015 and unusable reserves which are not 'cash backed' totalling £519.5 million.

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

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

**General Fund Working Balance** - this is £3.6 million as at 31 March 2015, and this has remained static since 31 March 2014.

**HRA Working Balance** - this is £4.0 million as at 31 March 2015, and has remained static since 31 March 2014.

**Earmarked General Fund Reserves** – as at 31 March 2014, these stood at £28.3 million, as shown on page 41. In 2014/15 the Council made a net transfer into reserves of £3 million bringing the balance to £31.3 million as at 31 March 2015. Key movements include:

- **Revenue Contribution to Capital Reserve** - this has increased from £6.9 million to £14.5 million during the year. This reserve will be used going forward to support future capital schemes.
- **Westgate Redevelopment Reserve** – In the year £2.5 million was spent on the construction of temporary car parking at Oxpens and associated works to accommodate buses at Redbridge Park and Ride. A transfer was made from the reserve to finance the works.
- **Property Fund Reserve** - the Council purchased the long leasehold interest in the property that it occupies in St Aldate's Chambers. The reserve of £7 million held for this purchase was used to finance it.

## EXPLANATORY FOREWORD

- **Dry Recyclate Reserve** – the City Council currently uses a recycling facility at Enstone operated by an external contractor who bulks the recyclate and transfers it to a Mixed Recycling Facility at Crayford. Due to variations in prices paid for Recyclate, the operation is no longer financially viable without the Council paying a disposal fee instead of the current arrangement whereby the Council receives an income. The reserve is to provide funds to mitigate ongoing financial pressures, including the possibility of building and operating a waste transfer station.

**HRA Earmarked Reserves** - as at 31 March 2015 these stood at £5.9 million following a net transfer out of the reserves of £2.5 million. The most notable of the HRA reserves relates to HRA Capital Projects which has been established for the funding of the HRA Capital Programme.

**Insurance Reserves** - as at 31 March 2015 these stood at £1.3 million. They are used to cover uninsured excesses and future liabilities including those arising from the administrative arrangements of the Council's previous insurers Municipal Mutual Insurance (MMI). Of this balance, £1.2 million relates to HRA liabilities and £0.1 million to the General Fund.

**Capital Receipts Unapplied** - as at 31 March 2015 the Council held approximately £11.4 million usable capital receipts: £17.8 million having been used to finance the Capital Programme. The remaining receipts will be used over the life of the Medium Term Financial Plan. Major disposals in the year included:

- Electricity sub stations - £1.250 million
- 92 St Clements House - £0.325 million
- Right to Buy receipts after pooling - £4.755 million

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

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

Note 27 (page 58), The Amounts Reported for Resource Allocation Decisions shows how the Comprehensive Income and Expenditure Statement reconciles back to the management accounts reported quarterly to the City Executive Board; further details and the outturn are discussed below.

### **General Fund Revenue Outturn 2014/15**

The Council set a budget for spending on General Fund services of £24 million, to be financed by Grant funding of £6.3 million, Business Rates income of £6.1 million and Council Tax of £11.6 million.

The Council Tax for a Band D property was set at £273.53, a 1.99% increase on the previous year.

The following table summarises the outturn position in the format used for 2014/15 internal reporting and as reported to the City Executive Board on 9<sup>th</sup> July 2015.

## EXPLANATORY FOREWORD

	Net Approved Budget 2014/15 £000	Net Revised Budget 2014/15 £000	Net Expenditure 2014/15 £000	Variance £000
City Regeneration	(321)	308	(207)	(515)
Community Services	7,704	8,863	7,967	(896)
Organisational Development & Corporate Services	14,010	14,436	14,169	(267)
<b>Total excluding SLA's &amp; Capital Charges</b>	<b>21,393</b>	<b>23,607</b>	<b>21,929</b>	<b>(1,678)</b>
SLA's and Capital Charges	746	(6,236)	(6,374)	(138)
Corporate Contingencies	1,939	-	-	-
<b>Net General Fund Expenditure</b>	<b>24,078</b>	<b>17,371</b>	<b>15,555</b>	<b>(1,816)</b>
Net Transfers to/(from) Reserves	-	6,687	8,495	1,808
<b>Net Budget Requirement</b>	<b>24,078</b>	<b>24,058</b>	<b>24,050</b>	<b>(8)</b>
Government Funding	6,339	6,339	6,341	2
Business Rates	6,114	6,114	6,114	-
Council Tax	11,787	11,787	11,787	-
Parish Precept	(162)	(182)	(192)	(10)
<b>Total Funding</b>	<b>24,078</b>	<b>24,058</b>	<b>24,050</b>	<b>(8)</b>
<b>Net (Surplus)/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Working Balance</b>	<b>(3,622)</b>	<b>(3,622)</b>	<b>(3,622)</b>	<b>-</b>

At the end of the year, there was a £1.808 million favourable variance which has been transferred to the following earmarked reserves:

- OxFutures Reserve - £0.300 million
- Dry Recyclate Reserve - £1.400 million
- Direct Revenue Funding of Capital - £0.108 million

In addition to this, there were £1.314 million of carry forward requests that have been transferred into the Carry Forward Earmarked Reserves.

### City Regeneration

The directorate had an outturn position of £0.207 million net income which is a favourable variance of £0.515 million against the revised budget. Major variations include:

#### Favourable

- Regeneration and Major Projects had a favourable outturn of £0.784 million primarily due to additional income generated from commercial property rent reviews and new properties being brought into use.

#### Adverse

- City Development was £0.216 million overspent primarily as a result of additional consultancy costs in connection with planning work.

### Community Services

The directorate had an outturn position of £7.967 million, which is a favourable variance of £0.896 million against the revised budget. Major variations include:

#### Favourable

- Direct Services had a favourable outturn of £0.876 million due to a surplus of £0.490 million from off-street car parking and additional external works income from engineering and building services of £0.386 million.

## EXPLANATORY FOREWORD

### Organisational Development and Corporate Services

The directorate had an outturn position of £14.169 million, which is a favourable variance of £0.267 million against the revised budget. This was primarily due to increased court cost income from council tax and business rates cases.

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

These charges make up the statutory charges that are required to be made to the revenue accounts to comply with accounting convention such as depreciation, Pension Fund adjustments, revenue expenditure funded from capital under statute, interest and local cost of benefits. The total of such adjustments resulted in a net favourable variance of £138k.

### Net Transfers to Reserves

- The analysis of the net transfer to reserves of £2.945 million is shown in Note 7 (page 41) to the accounts. The most notable transfers are detailed above on page 12.

### The Balance Sheet

The Balance Sheet (page 25) shows the value as at 31 March 2015 of the assets and liabilities recognised by the Authority. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories.

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

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

	2014/15 £000	2013/14 £000	Variation £000
Value of Land and Property Owned	822,763	736,983	85,780
Cash Investments, Assets Held For Sale and Stock	54,316	63,111	(8,795)
Money Oxford Owes	(385,093)	(344,930)	(40,163)
Money Oxford is Owed	86,776	39,074	47,702
<b>Net Worth of Council at 31st March</b>	<b>578,762</b>	<b>494,238</b>	<b>84,524</b>

There has been an increase in the net worth of the Council of £85 million from the previous year. This has largely arisen from:

- An increase of around £86 million in the value of property owned, arriving from revaluation increases, £60 million of which related to Council Dwellings and an increase in the lease value of Westgate Shopping Centre.
- A decrease of around £8.8 million from increased short term investments of surplus cash is mainly due to the purchase of St Aldates Chambers for £7.5 million.
- An increase in money owed by Oxford City Council of around £40.1 million, £38 million of which relates to a deterioration of the Pension Fund deficit.
- An increase in what the Council is owed of £48 million, which includes a new lease arrangement for the Westgate Shopping Centre

## EXPLANATORY FOREWORD

### Cash Flow Statement

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

The amount of 'Net Cash Flows from Operating Activities' is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for the purchase of resources which are intended to contribute to the Authority's future service delivery.

The overall increase in Cash and Cash Equivalents i.e. short term investments between 2013/14 and 2014/15 is approximately £3.5 million.

### The Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement (page 83) shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practice, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

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

	Budget £000	Actual £000	Variance £000
<b>Net Income</b>	(42,931)	(43,338)	(407)
<b>Expenditure</b>			
Tenancy Management	18,880	16,618	(2,262)
Repairs and Maintenance	10,197	10,407	210
<b>Total</b>	<b>29,077</b>	<b>27,025</b>	<b>(2,052)</b>
Appropriations	13,854	16,313	2,459
<b>Net (surplus)/deficit</b>	-	-	-
<b>Working Balance</b>	<b>(4,000)</b>	<b>(4,000)</b>	-

At the end of the year, there was a £2.459 million favourable variance which has been transferred to the following earmarked reserves:

- HRA Capital Projects - £2.008 million
- Direct Payments Project Arrears Reserve - (£0.052) million
- Committed Projects Reserve - £0.353 million
- Eco Funding - £0.090 million
- Albert House - £0.060 million

Notable variations include:

#### **Net Income**

The favourable variance of £0.4 million is due to:

- Increased income from dwelling rents and service charges.



## EXPLANATORY FOREWORD

### Tenancy Management Costs

The favourable variation of £2.3 million was due to reduced general management costs of £0.7 million, £0.2 million saving in special services, and £1.1 million favourable variance on other expenditure due primarily to reduced recharges from Direct Services and contingency items that were not needed.

### Repairs and Maintenance

Responsive and Cyclical Repair costs were overspent due to increased void repair costs.

### Appropriations

The net budget variances were transferred into earmarked reserves, primarily to be used to finance capital expenditure in future years.

The HRA working balance remains at £4 million.

### The Collection Fund

The Collection Fund (page 89) is the statement reflecting the Council's statutory obligation as a Billing Authority to maintain a separate Collection Fund. The Statement shows the transactions the Council as a Billing Authority has undertaken in relation to, collection from taxpayers and distribution to local authorities and Government of Council Tax and Non-Domestic Rates.

The Collection Fund Balance at the end of the year was an £8.6 million net deficit. This represents a £10.5 million deficit on Business Rates and a £1.9 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.

	Council Tax 2014/15 £000	Business Rates 2014/15 £000	Total 2014/15 £000	Council Tax 2013/14 £000	Business Rates 2013/14 £000	Total 2013/14 £000
Oxford City Council	(320)	4,201	3,881	(234)	599	365
Oxfordshire County Council	(1,387)	1,050	(337)	(1,018)	150	(868)
Police and Crime Commissioner (Thames Valley)	(184)	-	(184)	(135)	-	(135)
Central Government	-	5,252	5,252	-	750	750
<b>Total</b>	<b>(1,891)</b>	<b>10,503</b>	<b>8,612</b>	<b>(1,387)</b>	<b>1,499</b>	<b>112</b>

The main reasons for the surplus on the Council Tax Collection Fund are:

- The allowance for non-collection was increased with the introduction of the Council Tax Reduction Scheme, however collection rates remained as per previous years; and
- Proactive work was undertaken during the year to remove unqualifying exemptions and discount entitlements resulting in increased income to the Council.

The main reason for the Business Rates Collection Fund deficit is the estimated cost of backdated appeals being charged to the Collection Fund in 2014/15.

### 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.

## EXPLANATORY FOREWORD

Under the Equity method of group accounting the Council's Group Balance Sheet records the Council's share of the Barton Oxford LLP Net Assets. The figure as at 31 March 2015 is a net liability of £12K which is made up as shown below. This is subsequently shown in the Council's Balance Sheet under Long Term Investments.

Balance Sheet	Barton LLP 2014/15 £000	Oxford City Share (50%) 2014/15 £000	Barton LLP 2013/14 £000	Oxford City Share (50%) 2013/14 £000
<b>Property</b>				
Development Property	3,920	1,960	2,579	1,290
Movements	4,129	2,065	1,390	695
	<b>8,049</b>	<b>4,025</b>	<b>3,969</b>	<b>1,985</b>
<b>Current Assets</b>				
Other Debtors	350	175	30	15
Trade Debtors	4	2	4	2
Cash	506	253	368	184
	<b>860</b>	<b>430</b>	<b>402</b>	<b>201</b>
<b>Total Assets</b>	<b>8,909</b>	<b>4,455</b>	<b>4,371</b>	<b>2,186</b>
<b>Less Creditors</b>	<b>(8,934)</b>	<b>(4,467)</b>	<b>(4,389)</b>	<b>(2,194)</b>
<b>Net assets/(liabilities)</b>	<b>(25)</b>	<b>(12)</b>	<b>(18)</b>	<b>(8)</b>

The Council's share is arrived at after deducting the LLP's costs of acquiring land from Oxford City Council (£1.008 million) to avoid double counting. The City Council's Statement of Accounts also holds a Long Term Debtor of £1.008 million in respect of land plus capitalised interest transferred from the City Council to the LLP.

See page 91 for more details the Group Account.

### **Capital Outturn 2014/15**

The Council's capital budget for 2014/15 was approximately £63.4 million, actual spend was £48.7 million; a variation of £14.7 million. In addition to the notable variances on page 9, other notable slippages included the following:

#### **General Fund**

- £0.3 million Flood Alleviation
- £0.3 million Community Centres
- £0.3 million Investment Properties
- £0.3 million Empty Home
- £0.2 million Equity Loan for Teachers
- £0.1 million Community Facilities
- £0.6 million
- £0.3 million Burial Space
- £0.2 million Feasibility Fund

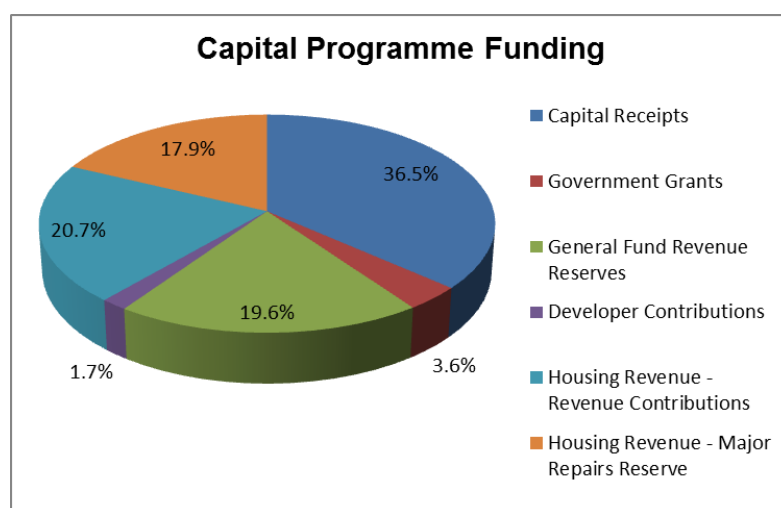
#### **Housing Revenue Account**

- £0.5 million Various External Contractors
- £0.1 million Major Voids
- £0.2 million Kitchen & Bathrooms

## EXPLANATORY FOREWORD

### Funding the Capital Programme

The General Fund Capital Programme spend totalled £27.6 million and was funded through a combination of Capital Receipts (£15.7 million), Government Grants (£1.6 million), Revenue Reserves (£9.5 million) and Developer Contributions (£0.8 million). The Housing Capital Programme spend totalled £21.1 million and was financed from £2.1 million Capital Receipts, £18.8 million Housing Revenue Resources and £0.2 million Grants and Contributions.



### Contingencies and Provisions

As at 31 March 2015 the Council made provision for £7.9 million of expenditure likely to be incurred some time in the future. Included in this figure are the following amounts:

- Rent Deposit Scheme – £1.4 million - this provision covers deposits paid on behalf of tenants placed in private rented properties by the Council.
- Singletree Repairs and Maintenance - £0.3 million – a provision to cover major works in respect of a leaseholder property. When the leasehold property is resold, a percentage of the resale value is paid into the provision.
- Council Tax Court Costs - £0.3 million. This provision is against outstanding court costs that have been raised against Council Tax arrears.
- Provision for NNDR Appeals - £5.6 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.

### **Icelandic Banking Losses - Update**

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

- **Glitnir** - A final repayment of the remaining Icelandic Krona (ISK) has now been received via an auction of the currency. A small remaining balance of approx. £200,000 remains, with a potential to recover this in due course.
- **Heritable Bank** - No further repayments have been received and there remains £179,000 outstanding. Recovery is uncertain.

## EXPLANATORY FOREWORD

### 4. Financial Prospects Looking Forward

#### General Fund

The 2014/15 outturn position was favourable with the Council having a surplus on its General Fund of £1.8 million in the year which was transferred into Earmarked Reserves largely to finance the Capital Programme. Earmarked Reserves now stand at around £31 million with a further £3.6 million held in General Fund working balance.

The Council's Medium Term Financial Plan for 2015/16 to 2018/19 agreed at Council in February 2015 estimated working balances at year end as follows:

	2015/16 £000	2016/17 £000	2017/18 £000	2017/18 £000
<b>Total Spend</b>	<b>23,304</b>	<b>21,611</b>	<b>20,500</b>	<b>20,077</b>
Revenue Support Grant including Specific Grants	(4,462)	(2,955)	(1,477)	-
Business Rates Retention	(6,653)	(6,514)	(6,638)	(7,380)
Council Tax Income	(12,189)	(12,142)	(12,385)	(12,697)
<b>Fund available</b>	<b>(23,304)</b>	<b>(21,611)</b>	<b>(20,500)</b>	<b>(20,077)</b>
<b>Working Balance at year end</b>	<b>3,620</b>	<b>3,620</b>	<b>3,620</b>	<b>3,620</b>

To achieve this position a programme of savings, service reductions and increased fees and charges totalling £15 million is needed over the next four years. The Council has budgeted for contingencies to mitigate against non delivery of efficiency savings using a risk based approach. Those savings deemed to be of medium or high risk are covered by a 40% contingency.

The Council's Medium Term Financial Plan assumes Revenue Support Grant and New Homes Bonus will be removed from 2018, a loss of around £4 million per annum. Even so 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:

- Changes in Business Rate income projections especially around business rate appeals for which the Council has set aside a total provision of 5.6 million.
- Welfare Reform impacts including the impact of Universal Credit roll-out the timetable for which remains uncertain.
- Unachievement of savings and traded income.
- Unidentified additional pressures arising that have an on-going financial impact on the Council.

Pressure will also continue on the Council's income streams such as off-street parking, planning and licensing and with bank base rates at an all-time low, investment income earned will also be suppressed. The Council has invested £10 million in indirect property funds in an effort to mitigate this situation.

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

#### Housing Revenue Account (HRA)

HRA Reform came into effect from 1 April 2012. The Council has agreed a substantial and ambitious HRA Capital Programme over the next 10 years of around £264 million which includes new build housing, refurbishment and renovation of existing stock, energy conservation and estate regeneration. The HRA continues to be more than sustainable into the future based on current assumptions; however there are a number of areas which the Council will need to consider and monitor over the following years including:

## EXPLANATORY FOREWORD

- The impact of Right to Buy Discounts on dwelling numbers and consequently on rental income, especially given the new Governments stated intentions to force local authorities to dispose of its most expensive housing.
- The revenue impact of planned HRA Capital Schemes which may take the HRA up to its maximum borrowing capacity; and
- Barton Development (Acquisition of Social Housing) – there is an umbrella agreement relating to the Barton Development which stipulates that each developer will appoint a builder who must sell the social housing units built to fulfil the developers’ obligations to provide social housing to the Council. The number of properties involved is expected to be in the region of 350 and is estimated that it will cost the Council £52.8 million (which is provided for within the HRA business plan) over the financial years 2015/16 to 2023/24.

### **Capital**

The Council’s Capital Programme over the 4 years from 2015/16 is £147 million. This Programme carries risks and the Council is seeking to mitigate these through an improved project management methodology known as the Capital Gateway Process. The Capital Programme includes major projects such as the refurbishment of sports pavilions, community centres, replacement of the Council’s vehicle fleet, investment in city centre regeneration, flood alleviation schemes and the continuation of the programme of purchase of properties for homeless families. The bulk of the General Fund Programme is funded from reserves and revenue, with the remainder made up from Capital Receipts from the disposal of other land and buildings. No new prudential borrowing has been assumed.

Within the HRA Capital Programme in addition to the annual refurbishment programme, there is also £18 million for the refurbishment of tower blocks as well as another £57.7 million of new build, energy conservation and estate regeneration projects. This is predominantly funded from revenue.

### **In Conclusion**

I would like to thank Finance staff for their work in preparing these Statements. I hope the information is helpful in allowing you to have a clear understanding of how the Council’s money has been spent in 2014/15.

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 (Anna Winship at [awinship@oxford.gov.uk](mailto:awinship@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, Alan Witty at [awitty@uk.ey.com](mailto:awitty@uk.ey.com)

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# **CORE FINANCIAL STATEMENTS**

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**MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

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

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

	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
Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2013 carried forward</b>	3,622	17,218	3,698	1,331	7,000	17,431	282	50,583	388,851	439,434
<b>Movement in Reserves during 2013/14</b>										
Surplus/(Deficit) on the Provision of Services	4,048	-	52,988	-	-	-	-	57,035	-	57,035
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(2,248)	(2,248)
<b>Total Comprehensive Income and Expenditure</b>	<b>4,048</b>	<b>-</b>	<b>52,988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,035</b>	<b>(2,248)</b>	<b>54,786</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	8,596	-	(45,603)	-	(7,000)	4,965	(100)	(39,142)	39,158	16
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>12,644</b>	<b>-</b>	<b>7,385</b>	<b>-</b>	<b>(7,000)</b>	<b>4,965</b>	<b>(100)</b>	<b>17,894</b>	<b>36,910</b>	<b>54,804</b>
Transfers (to)/from Earmarked Reserves	(12,644)	12,644	(7,083)	7,083	-	-	-	-	-	-
<b>Increase/(Decrease) in 2013/14</b>	<b>0</b>	<b>12,644</b>	<b>302</b>	<b>7,083</b>	<b>(7,000)</b>	<b>4,965</b>	<b>(100)</b>	<b>17,894</b>	<b>36,910</b>	<b>54,804</b>
<b>Balance at 31st March 2014 carried forward</b>	<b>3,623</b>	<b>29,861</b>	<b>4,000</b>	<b>8,414</b>	<b>0</b>	<b>22,396</b>	<b>182</b>	<b>68,476</b>	<b>425,762</b>	<b>494,238</b>
<b>Movement in Reserves during 2014/15</b>										
Surplus/(Deficit) on the Provision of Services	39,725	-	6,135	-	-	-	-	45,860	-	45,860
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	38,664	38,664
<b>Total Comprehensive Income and Expenditure</b>	<b>39,725</b>	<b>-</b>	<b>6,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,860</b>	<b>38,664</b>	<b>84,524</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	(36,792)	-	(8,685)	-	(0)	(11,042)	1,401	(55,118)	55,118	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>2,933</b>	<b>-</b>	<b>(2,550)</b>	<b>-</b>	<b>(0)</b>	<b>(11,042)</b>	<b>1,401</b>	<b>(9,258)</b>	<b>93,782</b>	<b>84,524</b>
Transfers (to)/from Earmarked Reserves	(2,934)	2,934	2,550	(2,550)	(0)	(11,042)	1,401	(9,258)	93,782	84,524
<b>Increase/(Decrease) in 2014/15</b>	<b>(1)</b>	<b>2,934</b>	<b>0</b>	<b>(2,550)</b>	<b>(0)</b>	<b>(11,042)</b>	<b>1,401</b>	<b>(9,258)</b>	<b>93,782</b>	<b>84,524</b>
<b>Balance at 31st March 2015 carried forward</b>	<b>3,622</b>	<b>32,795</b>	<b>4,000</b>	<b>5,864</b>	<b>0</b>	<b>11,354</b>	<b>1,583</b>	<b>59,218</b>	<b>519,544</b>	<b>578,762</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED  
31 MARCH 2015**

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

	Notes	2014/15		2013/14		
		Gross Expenditure £000	Gross Income £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Central Services to the Public		3,953	(1,989)	4,027	(1,702)	2,325
Cultural Services		15,770	(4,117)	12,611	(4,238)	8,373
Environment and Regulatory Services		18,129	(6,436)	19,167	(6,873)	12,294
Planning Services		8,781	(2,995)	7,992	(4,001)	3,991
Highways and Transport Services		13,705	(12,302)	9,544	(9,723)	(179)
Local Authority Housing (HRA)		32,333	(43,203)	25,505	(84,695)	(59,190)
Other Housing Services		75,587	(72,438)	78,290	(74,416)	3,874
Corporate and Democratic Core		3,544	(88)	3,714	(71)	3,643
Non Distributed Costs		1,440	(1,569)	1,955	(1,923)	32
<b>Cost of Services</b>						<b>(24,838)</b>
Other Operating Expenditure	8					(2,400)
Financing and Investment Income and Expenditure	9					(429)
Taxation and Non-Specific Grant Income	10					(29,368)
<b>(Surplus)/Deficit on Provision of Services</b>						<b>(57,035)</b>
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets						(11,178)
Actuarial (Gains)/Losses on Pension Assets and Liabilities						13,426
<b>Other Comprehensive Income and Expenditure</b>						<b>2,248</b>
<b>Total Comprehensive Income and Expenditure</b>						<b>(54,787)</b>

## BALANCE SHEET AS AT 31 MARCH 2015

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

	Note	2014/15 £000	2013/14 £000
Property, Plant & Equipment	11	718,366	632,022
Heritage Assets	12	2,496	2,496
Investment Properties	13	100,871	101,359
Intangible Assets	14	1,030	1,107
Long Term Investments	15	9,894	2,894
Long Term Debtors	15	67,093	17,099
<b>Long Term Assets</b>		<b>899,750</b>	<b>756,977</b>
Short Term Investments	15	35,586	47,780
Assets Held for Sale	19	1,351	1,489
Inventories	16	773	775
Short Term Debtors	15 & 17	27,585	15,136
Cash and Cash Equivalents	15 & 18	6,712	10,171
<b>Current Assets</b>		<b>72,007</b>	<b>75,351</b>
Short Term Borrowing	15	(895)	(730)
Short Term Creditors	15 & 20	(36,441)	(21,189)
<b>Current Liabilities</b>		<b>(37,336)</b>	<b>(21,919)</b>
Long Term Creditors	15	(114)	(70)
Provisions	21	(7,902)	(3,942)
Long Term Borrowing	15	(198,534)	(199,710)
Other Long Term Liabilities	15	(145,607)	(107,753)
Capital Grants Receipts in Advance	33	(3,502)	(4,696)
<b>Long Term Liabilities</b>		<b>(355,659)</b>	<b>(316,171)</b>
<b>Net Assets</b>		<b>578,762</b>	<b>494,238</b>
Usable Reserves	MIRS	(59,218)	(68,476)
Unusable Reserves	23	(519,544)	(425,762)
<b>Total Reserves</b>		<b>(578,762)</b>	<b>(494,238)</b>

The unaudited Accounts were issued on 29 June 2015 and the audited accounts are now authorised for issue on 15 September 2015.

Signed

  
Nigel Kennedy

Date

  
15/9/15

Head of Financial Services (Section 151  
Officer)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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

	Notes	2014/15 £000	2013/14 £000
Net (Surplus)/Deficit on the Provision of Services		(45,860)	(57,035)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements		10,707	28,632
<b>Net Cash Flows from Operating Activities</b>		<b>(35,153)</b>	<b>(28,404)</b>
Investing Activities	25	38,124	26,101
Financing Activities	26	490	1,472
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>3,461</b>	<b>(831)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		(10,173)	(9,342)
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	18	<b>(6,712)</b>	<b>(10,173)</b>

# **NOTES TO THE CORE FINANCIAL STATEMENTS**

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## NOTES TO THE CORE FINANCIAL STATEMENTS

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

The International Financial Reporting Standards introduced in the 2015/16 Code that are relevant are:

a. IFRS 13 Fair Value Measurement (May 2011)

The IFRS 13 Fair Value Measurement is a substantial new standard that requires local authorities to measure their assets and liabilities and provide disclosures where a section of the Code requires or permits Fair Value measurement.

b. Annual Improvements to IFRSs (2011 – 2013 Cycle)

The issues included are:

- IFRS 1: Meaning of effective IFRSs;
- IFRS 3: Scope exceptions for joint ventures;
- IFRS 13: Scope of paragraph 52 (portfolio exception); and
- IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property

This is a review process of all IFRS's and it is possible, but unlikely to change any Accounting Policies.

c. IFRIC 21 Levies

The IFRIC 21 Levies will be adopted from 1 April 2015:

This provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

This is not expected to have a material impact on the accounts.

### 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 2015, only £0.4 million remains outstanding. The outstanding funds are expected to be received almost in full from the Icelandic banks over the coming months.

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

There remains a high degree of uncertainty about future levels of 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 Authority 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 Authority has determined the level of uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

## 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 Joint Venture**

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

A long term debtor and a deferred capital receipt have been created for the land value, and interest income is being accrued and will be received in 2019.

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

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

### **NDR Appeals Provision**

The Council was required to estimate the value of successful Business Rates appeals, for the first time in 2013/14. The level of these appeals as at 31 March 2015 was £12.8 million. The Council have taken external advice on the value of successful appeals and made an additional provision of £4 million making the total £5.6 million in the Statement of Accounts.

The Council has carried out sensitivity analysis on the data received from the Valuation Office to ensure that the provision is robust and evidence shows that 85 appeals were settled for a value of £3.069 million during 2014/15, therefore providing sufficient evidence that the level of this provision is sufficient.



## NOTES TO THE CORE FINANCIAL STATEMENTS

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	General Fund and HRA Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will occur in relation to individual assets. The Council has a programme of capital works (£21.0 million per year on its housing stock) and undertakes 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 £118,000.
Rent Deposit Provision	The Council operates a rent deposit scheme which provides the deposit necessary for an eligible resident to occupy private rented accommodation. The deposit is repayable. The certainty of repayment is very difficult to estimate. The Council has continued to make an 85% provision during 2014/15 and the total provision now stands at £1.25 million. Only 10% of the deposit paid will be recovered.	If the current provision is found to be inaccurate an extra 1% provision would cost £41,000.
Pensions Liability	Estimation of the net pensions liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions cannot be measured accurately. During 2014/15, the Council's actuaries advised that the net pensions liability had increased by £38 million. The total Pension deficit is £145,276 million.
Arrears	At 31 March 2015, the Council had a balance of sundry debtors of £33.3 million. A review of significant balances suggested that an impairment of doubtful debts of £5.7 million was appropriate.	The current economic climate is uncertain and therefore the doubtful debt allowance may be insufficient. An increase of 1% of doubtful debts would require an additional 1% or £0.3 million to be set aside as an allowance.
Non Domestic Rates (NDR) Appeals	The Council has set aside a provision of £5.6 million to cover successful appeals lodged against NDR banding with the Valuation Office, based on a professional estimate of outstanding appeals	If the provision is incorrect, there would be an impact on the Collection Fund Balance. A 1% increase in the provision would lead to an increased charge of £17,000. This would be split between the Council and preceptors, with 40% of the amount impacting the Council.

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

General Fund		Collection Fund			Court Costs	
Sundry Debtors		Council				
		Tax			NDR	
Age of Debt	Provision	Year Debt Raised	Provision	Provision	Year Debt Raised	Provision
		2014/15	1.50%	0.75%	2014/15	25%
<1 Year	0%	2013/14	25%	56%	2013/14	40%
<2 Years	100%	2012/13	50%	77%	2012/13	70%
<3 Years	100%	2011/12	75%	80%	2011/12	70%
<4 Years	100%	2010/11	80%	90%	2010/11	90%
<5 Years	100%	2009/10	92%	98%	2009/10	90%
<6 Years	100%	2008/09	92%	98%	2008/09	90%
>6 Years+	100%	2007/08	92%	98%	2007/08	90%
		2006/07	92%	98%	2006/07	94%
		2005/06	94%	98%	2005/06	96%
		2004/05	96%	98%	2004/05	97%
		2003/04	97%	98%	2003/04	97%
		2002/03 & prior years	100%	98%	2002/03 & prior years	100%

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

##### Pension Fund Actuarial Loss

The Pension Fund Actuary has reported an actuarial loss for 2014/15 of £33 million. This is reported as a loss on the Comprehensive Income and Expenditure, and subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it has no General Fund Balance implications.

#### 5. Events After the Balance Sheet Date

The Statement of Accounts will be authorised for issue by the Head of Financial Services (Section 151 Officer) on 15 September 2015. 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 2015, 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. 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 Authority in year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

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

#### **Capital Receipts Reserve**

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

#### **Capital Grants Unapplied**

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

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**6. Adjustments between Accounting Basis and Funding Basis under Regulations 2013/14**

2013/14	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 and impairment of Non-Current Assets	6,687	(35,612)	-	-	-	28,925
Revaluation losses on Property Plant and Equipment	-	-	-	-	-	-
Movements in the market value of Investment Properties	(3,123)	-	296	-	-	2,827
Movements in the market value of Rent-to-mortgage properties	(427)	-	-	-	-	427
Amortisation of Intangible Assets	214	-	-	-	-	(214)
Capital grants and contributions applied	-	-	-	-	-	-
Movement in the Donated Assets Account	-	-	-	-	-	-
Revenue expenditure funded from Capital under Statute	953	135	-	-	-	(1,088)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,523)	(1,826)	512	-	-	3,837
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(92)	-	-	-	-	92
Capital expenditure charged against the General Fund and HRA balances	(4,538)	-	-	-	-	4,538
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(2,326)	-	-	-	(100)	2,426

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 6. Adjustments between Accounting Basis and Funding Basis under Regulations 2013/14 – cont.

2013/14	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 Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	9,789	-	-	(9,789)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(3,876)	-	-	3,876
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,756		(1,756)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(8,422)	-	8,422
<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	(47)	-	-	-	-	47
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	(6)	-	-	-	-	6
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**6. Adjustments between Accounting Basis and Funding Basis under Regulations 2013/14 – cont.**

2013/14	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 Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(6,824)	-	-	-	-	6,824
Employer's pensions contributions and direct payments to pensioners payable in the year	11,298	101	-	-	-	(11,399)
<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	366	-	-	-	-	(350)
<b>Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	228	21	-	-	-	(249)
<b>Other transfer include</b>						
<b>Adjustment between the Capital Adjustment Account and the Revaluations Reserve</b>						
Adjustments between accounting basis and funding basis under regulations	7,000	(8,422)		1,422		-
<b>Total Adjustments</b>	<b>8,596</b>	<b>(45,603)</b>	<b>4,965</b>	<b>(7,000)</b>	<b>(100)</b>	<b>39,158</b>

**NOTES TO THE CORE FINANCIAL STATEMENTS**

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

2014/15	Usable Reserves					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of Non-Current Assets	5,011	13,161	-	-	-	(18,172)
Revaluation losses on Property Plant and Equipment	-	-	-	-	-	-
Movements in the market value of Investment Properties	2,513	-	-	-	-	(2,513)
Movements in the market value of Rent-to-mortgage properties	(389)	-	-	-	-	389
Amortisation of Intangible Assets	(312)	-	-	-	-	312
Capital grants and contributions applied	-	-	-	-	-	-
Movement in the Donated Assets Account	-	-	-	-	-	-
Revenue expenditure funded from Capital under Statute	2,302	33	-	-	-	(2,335)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(42,204)	(3,208)	-	-	-	45,412
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(20)	-	-	-	-	20
Capital expenditure charged against the General Fund and HRA balances	(9,543)	(10,108)	-	-	-	19,651
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,995)	-	-	-	1,401	2,594

**NOTES TO THE CORE FINANCIAL STATEMENTS**

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

2014/15	Usable Reserves					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<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	-	-	8,155	-	-	(8,155)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(17,763)	-	-	17,763
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,434	-	(1,434)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	(8,704)	-	8,704
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	-	-
<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	(49)	-	-	-	-	49
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	7	-	-	-	-	(7)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

2014/15	Usable Reserves					Unusable
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<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	(7,520)	132	-	-	-	7,388
Employer's pensions contributions and direct payments to pensioners payable in the year	12,127	-	-	-	-	(12,127)
<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	3,506	-	-	-	-	(3,506)
<b>Adjustment primarily involving the Unequal Pay Back Pay Adjustment Account:</b>						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	340	9	-	-	-	(349)
<b>Other transfer include</b>						
<b>Adjustment between the Capital Adjustment Account and the Revaluations Reserve</b>						
Adjustments between accounting basis and funding basis under regulations	-	(8,704)	-	8,704	-	-
<b>Total Adjustments</b>	<b>(36,792)</b>	<b>(8,685)</b>	<b>(11,042)</b>	<b>-</b>	<b>1,401</b>	<b>55,118</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **7. Transfers to/from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund and HRA Balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA expenditure in 2014/15.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2015 £000	Transfers In 2014/15 £000	Transfers Out 2014/15 £000	Balance at 31 March 2014 £000	Transfers In 2013/14 £000	Transfers Out 2013/14 £000	Balance at 31 March 2013 £000
<b>General Fund:</b>							
Direct Revenue Funding of Capital	(14,541)	(10,565)	2,881	(6,857)	(12,458)	7,220	(1,619)
NNDR Retention Reserve	(3,329)	(2,729)	-	(600)	(600)	-	-
Committed Projects Reserve	(2,352)	(1,649)	562	(1,265)	(786)	994	(1,473)
Dry Recyclate Reserve	(1,400)	(1,400)	-	-	-	-	-
Employee Cost Reserve	(1,258)	-	90	(1,348)	(46)	368	(1,670)
Grants Reserve	(1,062)	(837)	706	(931)	(817)	789	(903)
Homelessness	(1,000)	(342)	258	(916)	-	-	(916)
Community Services Carry Forward Reserve	(746)	(470)	298	(574)	(35)	19	(559)
Westgate Redevelopment Reserve	(737)	-	2,542	(3,279)	-	-	(3,279)
Business Transformation Projects	(685)	(863)	795	(617)	(395)	666	(887)
Loan and Property Fund Guarantee Reserve	(516)	-	-	(516)	(401)	-	(115)
Repairs & Maintenance Reserve	(459)	-	155	(614)	(155)	-	(459)
Organisational Development Reserve	(433)	(266)	356	(523)	(200)	400	(723)
Flood Reserve	(357)	(56)	-	(301)	(200)	49	(150)
IT Infrastructure and Equipment Reserve	(353)	-	-	(353)	-	-	(353)
Rose Hill Demolition	(339)	-	-	(339)	-	-	(339)
OxFutures Reserve	(300)	(300)	-	-	-	-	-
SALIX Energy Projects Reserve	(212)	(158)	203	(257)	(59)	112	(310)
Reserve for Land Charges	(192)	(150)	-	(42)	-	-	(42)
Taxi Licensing Reserve	(160)	-	52	(212)	(14)	-	(198)
Direct Payment Project Arrears Reserve	(141)	-	53	(194)	(194)	-	-
Economic Development Reserve	(131)	(131)	-	-	-	-	-
P&R County Contribution - Future Maintenance	(117)	-	-	(117)	(117)	-	-
Land at Barton	(71)	-	34	(105)	(17)	48	(136)
General Licensing reserve	(66)	(15)	-	(51)	(8)	-	(44)
Lord Mayors Deposit	(56)	-	3	(59)	-	-	(59)
Disabled Transport Contingency	(50)	(50)	-	-	-	-	-
Jobs Club Contingency	(42)	(42)	-	-	-	-	-
SALIX Management Fee	(39)	(25)	-	(14)	(6)	-	(8)
Severe Weather Recovery Scheme	(35)	-	-	(35)	(35)	-	-
Home Choice fund for single persons	(31)	-	5	(36)	-	-	(36)
Town Hall Equipment Reserve	(20)	-	-	(20)	-	4	(24)
Shopmobility Reserve	(14)	(9)	7	(12)	-	51	(63)
City Council Elections Reserve	(11)	(10)	57	(58)	(48)	-	(10)
Town Team Partners	(10)	-	-	(10)	-	-	(10)
HMO Licensing Reserve	(9)	-	233	(242)	-	105	(347)
Unlawful Dwellings Reserve	(7)	(7)	96	(96)	(60)	114	(150)
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	(6)	(2)	-	(4)	(4)	-	-
Work Of Art Reserve	(5)	-	-	(5)	-	-	(5)
Museum Development Reserve	(3)	(3)	-	-	-	-	-
Feed In Tariff Management Fee	(2)	(2)	-	-	-	-	-
Property Fund Reserve	-	-	7,000	(7,000)	(7,000)	-	-
CLG Homelessness Grant	-	(270)	936	(666)	(249)	2	(420)
Business Support Scheme	-	-	63	(63)	(63)	-	-
Assets of Community Value	-	-	21	(21)	(8)	-	(13)
CRM Rollout Reserve	-	-	-	-	-	100	(100)
Oxfordshire Total Refit Project (EU funding)	-	-	-	-	(68)	281	(213)
<b>Total General Fund</b>	<b>(31,297)</b>	<b>(20,351)</b>	<b>17,406</b>	<b>(28,351)</b>	<b>(24,042)</b>	<b>11,321</b>	<b>(15,632)</b>
<b>HRA:</b>							
HRA Capital Projects	(5,510)	(5,503)	7,766	(7,772)	(7,772)	-	-
IT Equipment Reserve	(278)	(143)	170	(305)	-	4	(309)
IT Project Work	(120)	-	-	(120)	-	-	(120)
Eco Funding	(91)	(91)	-	-	-	-	-
Albert House	(60)	(60)	-	-	-	-	-
Normandy Crescent Fund	(7)	(7)	-	-	-	-	-
Committed Projects Reserve	-	-	267	(267)	-	549	(816)
<b>Total HRA</b>	<b>(6,066)</b>	<b>(5,803)</b>	<b>8,202</b>	<b>(8,464)</b>	<b>(7,772)</b>	<b>553</b>	<b>(1,245)</b>
<b>Insurance Funds:</b>							
Self Insurance Fund - HRA	(1,172)	-	99	(1,271)	-	87	(1,358)
Self Insurance Fund - GF	(124)	-	67	(190)	-	126	(316)
<b>Total Capital and Insurance Funds</b>	<b>(1,296)</b>	<b>-</b>	<b>165</b>	<b>(1,461)</b>	<b>-</b>	<b>213</b>	<b>(1,674)</b>
<b>Grand Total</b>	<b>(38,659)</b>	<b>(26,154)</b>	<b>25,773</b>	<b>(38,276)</b>	<b>(31,814)</b>	<b>12,087</b>	<b>(18,549)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### General Fund: Reserve Descriptions

Direct Revenue Funding of Capital Reserve	Created to fund future rolling programme capital requirements.
NNDR Retention Reserve	This reserve is to cover the deficit in NNDR Collection Fund that will be charged to the General Fund in future
Committed Projects Reserve	Created to cover carry-forward requests from service areas, and fund expenditure commitments
Dry Recyclate Reserve	To provide funding to examine alternative options for the Council in disposing of its recyclates to mitigate ongoing financial pressures, including the possibility of building and operating a waste transfer station.
Employee Cost Reserve	Created to cover the severance and associated payments relating to employees, following organisational development reviews.
Grants Reserve	This reserve was initially set up to hold various grant monies received by the City Council and or unused in-year budgetary provision for various community/non-HRA housing based activities. As the utilisation of these grants spreads across several years the release of those resources will be undertaken gradually as well as new grant
Homelessness Reserve	The Council as part of its 2011/12 budget committed to annually setting aside resources to assist in the anticipated increased cost of Homelessness activity predicted to occur for the City as a result of welfare reforms. This reserve holds the balance of the resources so far provided.
Community Services Carry Forward Reserve	Reserve reflects additional Directorate's expenditure commitments including funding of future cultural Community and Neighbourhood initiatives and community safety/educational activities
Westgate Redevelopment Reserve	Required to fund temporary car park facilities and other associated works arising due to the planned re-development of the Westgate site in the city centre.
Business Transformation Projects	At the year-end budgets associated with incomplete transformation projects are transferred to this reserve. At the start of the following year projects are approved to continue and the funds allocated back to the projects.
Loan and Property Fund Guarantee Reserve	The Council has provided a loan guarantee for the Arts at the Old Fire Station and the Charities Aid Foundation. The reserve will only be used if the guarantee is called in.
Repairs and Maintenance Reserve	The reserve will be used to cover substantive repairs in the Leisure Services and other areas.
Organisational Development Reserve	Created to fund the agreed partnership payment, and other pay related items.
Flood Reserve	Reserve created to fund flood maintenance work not eligible for Government re-imburement under the Belwin
IT Infrastructure and Equipment Reserve	Used to fund the purchase of new IT infrastructure equipment and IT projects across the Council.
Rosehill Demolition	Reserve represents resources held to assist in the re-development of the Rosehill Community Centre initiative.
OxFutures Reserve	This reserve is linked to the EU funded Oxfordshire Total Refit (OTR / OxFutures) project to fund potential future project pressures
Salix Energy Projects Reserve	Created from an initial grant made available via Salix. The reserve is used to implement energy efficient schemes within the City.
Taxis Licensing Reserve	Created to support future taxi licensing activities. Year-end taxi licensing surpluses are transferred to this reserve that funds future service improvements within the Taxi Licensing area.
Direct Payment Project Arrears Reserve	This figure represents the level of HRA arrears that potentially increased as a result of the Council embarking on the Direct Payments project. The resources can be kept by the authority until expiry of the claim period.
Economic Development Reserve	This reserve holds un-used budgets related to the City Deal
P&R County Contribution - Future Maintenance	Represents resources needed to fund future Park and Ride maintenance obligations associated with County Council sites.
Land at Barton Reserve	This is an HCA grant made available to fund regeneration activities.
General Licensing Reserve	Reserve to ensure the ring-fencing of the general licensing team function to fund future service area
Lord Mayors Deposit	Reserve represents resources held for assisting homeless applicants with rent deposit and/or bonds.
Disabled Transport Contingency	To be used for future disabled transportation needs
Reserve for Land Charges Reserve	This is used for both the equalisation initiative to utilise available year-end Land Charges surpluses to fund future associated expenditure/year-end deficits, together with providing resources to accommodate Oxford City Council's contribution towards the APPS Claimants' claims for refunds of property search fees.
Jobs Club Contingency	Funding to support the ongoing jobs club initiative
Salix Management Fee	Reserve represents contributions received to fund future energy assistant post activities.
Severe Weather Recovery Scheme	Reserve set up to fund expenditure arising from future severe weather activities.
Home Choice Fund for single persons	Reserve represents resources held for assisting single homeless applicants with rent deposit and/or bonds.
Town Hall Equipment Reserve	Used to maintain or replace Town Hall equipment.
Shopmobility Reserve	Created to fund the maintenance or replacement of Shopmobility equipment.
City Council Elections Reserve	Created from the budget surplus/(deficit) on the City Council Elections activity. City elections are held every 2 years and this reserve is used to fund additional costs in election year.
Town Team Partners	Reserve represents grant funded activity to improve City High Streets.
HMO Licensing Reserve	Reserve to ensure the ring-fencing of HMO Licensing income to fund future service area expenditure.
Unlawful Dwellings Reserve	Reserve created to fund enforcement activity associated with the identification of unlawful dwellings being used within the City.
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	Planning Fund ring fenced between Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Councils. Oxford City Council administers this fund.
Work of Art Reserve	Created to finance the purchase or restoration of City Council works of art.
Museum Development Reserve	Funding to support the future development of the museum
Feed in Tarriff Management Fee	15% Management Fee to reflect Environmental Development's work related to obtaining Feed In Tariff for the PV's (photovoltaics) on Council assets (e.g. Barton and Ferry leisure centre). This reserve will then be used along with the SALIX management fee reserve to help part fund a post within the Carbon Management team
Property Fund Reserve	Reserve set up to finance future Property Fund activities.
CLG Homelessness Grant	Reserve needed to finance delayed/planned homelessness preventative activities.
Business Support Scheme	This reserve has been set up to mitigate future Local Cost of Benefits risks.
Assets of Community Value	Created to finance the purchase or restoration of City Council assets of Community value.
CRM Rollout Reserve	Created to fund the rollout of the Council's Customer Relationship Management (CRM) programme.

## NOTES TO THE CORE FINANCIAL STATEMENTS

<b>HRA: Reserve Descriptions</b>	
HRA Capital Projects	Created to provide the resources for both the slipped capital projects that were to be initially funded from revenue contributions and other miscellaneous revenue projects.
IT Equipment Reserve	The IT Equipment reserve is used to fund replacement and/or upgrade of the Housing Revenue Account IT systems.
IT Project Work Reserve	This reserve was created to fund IT work projects.
Eco Funding	Being the income received from energy providers relating to installation of solar panels on HRA properties. The resources are to be recycled into funding similar HRA energy efficient schemes in future years.
Albert House	Albert House Sinking Fund. Funded from service charges applied to properties during the year to build up resources for future major works.
Normandy Crescent Fund	This relates to resources to be set aside to assist in community projects at Normandy Crescent following the flooding that occurred during 2014/15.
Committed Project Reserve	Created to set aside resources needed to complete and/or fund schemes for which budget allocation has been approved, but the spend has yet to be committed.
<b>Capital and Insurance Funds: Descriptions</b>	
Self Insurance Fund - HRA	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy excess limit for HRA service areas.
Self Insurance Fund - GF	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy excess limit for GF service areas.

### 8. Other Operating Expenditure

	2014/15 £000	2013/14 £000
Parish Council Precepts	193	189
Payments to the Housing Capital Receipts Pool	1,434	1,756
(Gains)/Losses on the Disposal of Non-Current Assets	(45,411)	(4,345)
<b>Total</b>	<b>(43,784)</b>	<b>(2,400)</b>

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

### 9. Financing and Investment Income and Expenditure

	2014/15 £000	2013/14 £000
Interest Payable and Similar Charges	6,678	6,779
Pensions Interest Costs and Expected Return on Pensions Assets	4,862	3,973
Finance Charges	(499)	(499)
Interest Receivable and Similar Income	(772)	(478)
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(9,997)	(9,107)
Other Investment Income	(953)	(1,097)
<b>Total</b>	<b>(682)</b>	<b>(429)</b>

### 10. Taxation and Non Specific Grant Income

	2014/15 £000	2013/14 £000
Council Tax Income	(12,106)	(11,535)
Non Domestic Rates	(5,019)	(5,470)
Non-Ringfenced Government Grants	(8,379)	(10,037)
Capital Grants and Contributions	(3,995)	(2,326)
<b>Total</b>	<b>(29,499)</b>	<b>(29,368)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

#### Movements in 2014/15

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
<b>At 1 April 2014</b>	522,184	112,996	18,288	267	1,024	3,300	7,205	665,264
Additions	8,014	15,252	2,391	62	-	-	19,906	45,625
Assets recognised / derecognised under finance lease	-	(370)	163	-	-	-	-	(207)
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	60,015	11,224	-	-	-	-	-	71,239
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,573)	(3,649)	(3)	-	-	-	-	(5,225)
Derecognition - disposals	-	(5,856)	(1,516)	-	-	(61)	-	(7,433)
Derecognition - other	(1,133)	-	-	-	-	-	-	(1,133)
Assets reclassified (to)/from Held for Sale	(3,168)	(2,375)	-	-	(0)	(16)	-	(5,558)
Other movements in cost or valuation	(11,949)	11,403	-	-	26	-	(14,320)	(14,840)
<b>At 31 March 2015</b>	<b>572,389</b>	<b>138,625</b>	<b>19,324</b>	<b>329</b>	<b>1,050</b>	<b>3,223</b>	<b>12,791</b>	<b>747,732</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2014</b>	(12,036)	(12,234)	(8,728)	(105)	(42)	(97)	-	(33,242)
Depreciation charge	(7,363)	(4,609)	(1,949)	(15)	(23)	(24)	-	(13,984)
Depreciation written out to the Revaluation Reserve	-	700	-	-	-	-	-	700
Depreciation written out to the Surplus/Deficit on the Provision of Services	12,050	571	-	-	-	-	-	12,621
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment (losses)/reversals recognised in the Surplus/ Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - disposals	-	2,231	1,416	-	-	7	-	3,654
Derecognition - other	31	-	-	-	-	-	-	31
Other movements in depreciation and impairment	40	806	-	-	-	10	-	856
<b>At 31 March 2015</b>	<b>(7,279)</b>	<b>(12,535)</b>	<b>(9,261)</b>	<b>(120)</b>	<b>(65)</b>	<b>(104)</b>	<b>-</b>	<b>(29,366)</b>
<b>Net Book Value</b>								
At 31 March 2015	565,110	126,090	10,063	209	985	3,119	12,791	718,366
At 31 March 2014	510,148	100,762	9,560	162	982	3,203	7,205	632,022
<b>Movement in NBV</b>	<b>54,962</b>	<b>25,328</b>	<b>503</b>	<b>47</b>	<b>3</b>	<b>(84)</b>	<b>5,586</b>	<b>86,344</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 11. Property, Plant and Equipment - cont. - Comparative Movements in 2013/14

#### Movements in 2013/14

	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 2013</b>	475,414	111,698	16,376	207	991	4,015	1,758	610,459
Additions	8,345	2,782	3,202	60	120	-	5,447	19,956
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	-	2,301	-	-	37	-	-	2,338
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	42,943	(1,752)	(2)	-	-	-	-	41,189
Derecognition - disposals	-	(58)	(1,288)	-	(34)	(715)	-	(2,095)
Derecognition - other	(1,138)	-	-	-	-	-	-	(1,138)
Assets reclassified (to)/from Held for Sale	(3,380)	(350)	-	-	-	-	-	(3,730)
Other movements in cost or valuation	-	(1,625)	-	-	(90)	-	-	(1,715)
<b>At 31 March 2014</b>	<b>522,184</b>	<b>112,996</b>	<b>18,288</b>	<b>267</b>	<b>1,024</b>	<b>3,300</b>	<b>7,205</b>	<b>665,264</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2013</b>	(9,190)	(11,157)	(7,964)	(90)	(21)	(88)	-	(28,510)
Depreciation charge	(6,332)	(3,593)	(1,765)	(15)	(21)	(36)	-	(11,762)
Depreciation written out to the Revaluation Reserve	-	476	-	-	-	-	-	476
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,322	644	-	-	-	-	-	3,966
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment (losses)/reversals recognised in the Surplus/ Deficit on the Provision of Services	-	-	(142)	-	-	-	-	(142)
Derecognition - disposals	-	13	1,143	-	-	27	-	1,183
Derecognition - other	82	18	-	-	-	-	-	100
Other movements in depreciation and impairment	82	1,365	-	-	-	-	-	1,447
<b>At 31 March 2014</b>	<b>(12,036)</b>	<b>(12,234)</b>	<b>(8,728)</b>	<b>(105)</b>	<b>(42)</b>	<b>(97)</b>	<b>-</b>	<b>(33,242)</b>
<b>Net Book Value</b>								
At 31 March 2014	510,148	100,762	9,560	162	982	3,203	7,205	632,022
At 31 March 2013	466,224	100,541	8,412	117	970	3,927	1,758	581,949
<b>Movement in NBV</b>	<b>43,924</b>	<b>221</b>	<b>1,148</b>	<b>45</b>	<b>12</b>	<b>(724)</b>	<b>5,447</b>	<b>50,073</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	-	-	10,062	209	179	-	12,791	23,241
Valued at Fair Value as at:								
31 March 2015	565,110	39,948	-	-	-	-	-	605,058
31 March 2014	-	26,091	-	-	50	444	-	26,585
31 March 2013	-	22,354	-	-	705	880	-	23,939
31 March 2012	-	3,147	-	-	-	11	-	3,158
31 March 2011	-	33,930	-	-	-	1,142	-	35,072
31 March 2010	-	79	-	-	-	642	-	721
31 March 2009	-	333	-	-	-	-	-	333
De-minimis	-	208	-	-	51	-	-	259
<b>Total Cost or Valuation</b>	<b>565,110</b>	<b>126,090</b>	<b>10,062</b>	<b>209</b>	<b>985</b>	<b>3,119</b>	<b>12,791</b>	<b>718,366</b>

### a) Capital Commitments

At 31 March 2015, the Authority had entered into a number of contracts for the construction of or enhancement to Property, Plant and Equipment for completion in 2015/16 and future years, estimated at £19.4 million. Similar commitments at 31 March 2014 were £21.4 million. The major commitments are:

	31 Mar 2015 £000	31 Mar 2014 £000
Barton New Build Phase 1	11,328	-
Rose Hill Community Centre	4,156	-
Affordable Homes Programme	2,433	13,812
Barton Regeneration Project	440	-
Super Connected Oxford	400	-
In Building Wireless Hotspots	235	-
Refurbishment of Blackbird Leys Pavilion	145	463
Refurbishment of Tower Blocks	134	391
Website Redevelopment Contract	95	-
External Adaptions	48	-
New Build Competition Pool	-	5,913
Refurbishment of Grandpont Pavilion	-	492
Roofing in Littlemore	-	150
External Adaptions	-	110
Communal Areas	-	60
	<b>19,414</b>	<b>21,391</b>

### b) Revaluations

The Valuation report for 2014/15 was prepared by Michael W Scott MRICS (Registered Valuer), Senior Asset Manager, Regeneration and Major Projects, Oxford City Council.



## NOTES TO THE CORE FINANCIAL STATEMENTS

### External valuation

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

- **Investment Property**  
A desktop review of all investment assets was undertaken by Michael W Scott MRICS, this exercise identified 25 properties with a probability of a significant change in value during 2014/15. These properties were then valued by Richard Waterson MRICS from Drivers Jonas.
- **Council Dwellings**  
A total of 25 council dwelling beacon properties were re-valued by Richard Foulkes MRICS from Marshalls. This exercise will ensure all Beacons are valued over a 5 year period.
- **Other Land and Buildings**  
In year two of a five year cycle, a total of 23 Property, Plant & Equipment assets were re-valued by Richard Waterson MRICS from Drivers Jonas.

### Internal valuation

All external valuations were subject to a desktop review process by Michael W Scott MRICS. Additionally Houses in Multiple Occupation and Rent to Mortgage properties were valued internally as at 1 April 2014 by Michael W Scott MRICS.

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

Existing Use Value (EUV) is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing. The parties are taken to have acted knowledgeably, prudently and without compulsion. 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 Fair Value is available because an asset is specialised and/or rarely sold, the CIPFA Code permits the use of Depreciated Replacement Cost (DRC).

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

### Market Value (MV)

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12. Heritage Assets

#### a) Valuations at Market Value

A full explanation of the type of Heritage Assets can be found in note 43 to these Accounts (page 78). During 2014/15 no new heritage assets have been acquired; neither have any heritage assets been disposed of.

An assessment of impairment was undertaken and none was identified as at 31 March 2015. All Heritage Assets except for the category of Non-Operational Property were last valued on 1 April 2011 by Coram James, specialist Art and Antique valuers - Robert James BA MRICS MNAVA undertook the valuation work. These assets are subject to a five year cycle of valuation where appropriate. The Non-Operational Property assets are valued at depreciated replacement cost.

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 2013	1,411	47	363	38	423	214	2,496
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
<b>31 March 2014</b>	<b>1,411</b>	<b>47</b>	<b>363</b>	<b>38</b>	<b>423</b>	<b>214</b>	<b>2,496</b>
1 April 2014	1,411	47	363	38	423	214	2,496
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
<b>31 March 2015</b>	<b>1,411</b>	<b>47</b>	<b>363</b>	<b>38</b>	<b>423</b>	<b>214</b>	<b>2,496</b>

### 13. Investment Properties

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

	2014/15 £000	2013/14 £000
Rental Income from Investment Property	9,020	7,447
Direct operating expenses arising from Investment Property	(1,031)	(959)
<b>Net Gain/(Loss)</b>	<b>7,989</b>	<b>6,488</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Investment Property valuations were reviewed to identify assets that could have experienced a significant change in value. All such assets identified were valued as at 1 April 2015.

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

The following table summarises the movement in the Fair Value of Investment Properties over the year:

	2014/15 £000	2013/14 £000
<b>Balance at start of the year</b>	<b>101,359</b>	<b>92,744</b>
Additions:		
Subsequent expenditure	515	466
Recognition of leases	-	
Less:		
Disposals	(3,510)	-
<b>Net gain/(loss) from fair value adjustments</b>	<b>98,364</b>	<b>93,210</b>
Transfers:		
(To)/from Property Plant and Equipment	-	5,031
Other Changes (net revaluation)	2,507	3,118
<b>Balance at the end of the year</b>	<b>100,871</b>	<b>101,359</b>

#### 14. Intangible Assets

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

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

The average amortisation period is 5 years.

	2014/15 £000	2013/14 £000
<b>Balance at 1 April</b>		
- Gross Carrying Amounts	1,623	1,129
- Accumulated Amortisation	(516)	(302)
<b>Net Carrying Amount at Start of Year</b>	<b>1,107</b>	<b>827</b>
Additions:		
- Purchases	235	494
- Amortisation for the period	(312)	(214)
<b>Net Carrying Amount at End of Year</b>	<b>1,030</b>	<b>1,107</b>
Comprising:		
- Gross Carrying Amounts	1,858	1,623
- Accumulated Amortisation	(828)	(516)
	<b>1,030</b>	<b>1,107</b>

The amortisation of £0.3 million is shown in Net Cost of Services under Non-Distributed Cost within the Comprehensive Income and Expenditure Statement.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 15. Financial Instruments

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

Categories of Financial Instruments	Long-term		Current	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Investments</b>				
Loans and Receivables	9,894	2,894	42,298	57,951
<b>Total Investments</b>	<b>9,894</b>	<b>2,894</b>	<b>42,298</b>	<b>57,951</b>
<b>Debtors</b>				
Loans and Receivables	67,093	17,099	22,689	13,231
<b>Total Debtors</b>	<b>67,093</b>	<b>17,099</b>	<b>22,689</b>	<b>13,231</b>
<b>Borrowings</b>				
Financial Liabilities at Amortised Cost	(198,534)	(199,710)	(895)	(730)
<b>Total Borrowings</b>	<b>(198,534)</b>	<b>(199,710)</b>	<b>(895)</b>	<b>(730)</b>
<b>Other Long Term Liabilities</b>				
Deferred Liabilities	(172)	(172)	-	-
Finance Lease Liability	(150)	(253)	(8)	(8)
Liability for Defined Benefit Pension Scheme	(145,276)	(107,328)	-	-
<b>Total Other Long Term Liabilities</b>	<b>(145,598)</b>	<b>(107,753)</b>	<b>(8)</b>	<b>(8)</b>
<b>Creditors</b>				
Financial Liabilities at Amortised Cost Amounts	(114)	(70)	(25,220)	(13,641)
<b>Total Creditors</b>	<b>(114)</b>	<b>(70)</b>	<b>(25,220)</b>	<b>(13,641)</b>

The 2013/14 figures in the above table have been amended to only reflect non statutory creditors and debtors.

### 16. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Balance Outstanding at Start of Year</b>	<b>32</b>	<b>24</b>	<b>743</b>	<b>750</b>	<b>775</b>	<b>774</b>
Purchases	62	73	3,286	3,122	3,348	3,195
Recognised as an Expense in the Year	(62)	(65)	(3,283)	(3,129)	(3,345)	(3,194)
Written-off Balances	-	-	(5)	-	(5)	-
<b>Balance Outstanding at Year End</b>	<b>32</b>	<b>32</b>	<b>741</b>	<b>743</b>	<b>773</b>	<b>775</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Maintenance Inventories

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

### Consumable Inventories

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

### 17. Short Term Debtors

The table below shows the amount that the Council was owed at 31 March 2015 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

	2014/15 £000	2013/14 £000
Central Government Bodies	10,111	1,990
Other Local Authorities	2,251	374
Other Entities and Individuals	15,223	12,772
<b>Total</b>	<b>27,585</b>	<b>15,136</b>

### 18. Cash and Cash Equivalents

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

	2014/15 £000	2013/14 £000
Cash Held by the Authority	5,890	14,353
Bank Current Accounts	822	(4,182)
<b>Total Cash and Cash Equivalents</b>	<b>6,712</b>	<b>10,171</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 19. Assets Held for Sale

	Current		Non Current	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Balance Outstanding at Start of Year</b>	1,489	2,799	-	-
Assets newly classified as Held for Sale:				
Property Plant and Equipment	945	350	-	-
Council Dwellings	3,186	3,719	-	-
Assets declassified as Held for Sale:				
Council Dwellings	(54)	(339)	-	-
Assets sold	(4,215)	(5,040)	-	-
<b>Balance Outstanding at Year End</b>	<b>1,351</b>	<b>1,489</b>	<b>-</b>	<b>-</b>

### 20. Short Term Creditors

The table below shows the amount that the Council owed as at 31 March 2015 to third parties, together with amounts received by the Council in advance of supply of goods or services.

	2014/15 £000	2013/14 £000
Central Government Bodies	(2,902)	(2,754)
Other Local Authorities	(2,934)	(1,490)
NHS Bodies	-	(25)
Other Entities and Individuals	(30,605)	(16,920)
<b>Total</b>	<b>(36,441)</b>	<b>(21,189)</b>

### 21. Provisions

Provisions for doubtful debts are separately disclosed against debtors on the Balance Sheet. The total value of Provisions held as at 31 March 2015 are:

	Outstanding Legal Cases		Injury and Damage Compensation		Other Provisions		Total £000
	Current £000	Non Current £000	Current £000	Non Current £000	Current £000	Non Current £000	
<b>Balance at 1 April 2013</b>	-	-	-	-	-	(2,209)	(2,209)
Additional Provisions Made in Year	-	-	-	-	-	(1,924)	(1,924)
Amounts Used in Year	-	-	-	-	-	191	191
Unused Amounts Reversed in Year	-	-	-	-	-	-	-
Unwinding of Discounting in Year	-	-	-	-	-	-	-
<b>Total Provisions as at 31 March 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,942)</b>	<b>(3,942)</b>
<b>Balance at 1 April 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,942)</b>	<b>(3,942)</b>
Additional Provisions Made in Year	-	-	-	-	-	(4,036)	(4,036)
Amounts Used in Year	-	-	-	-	-	76	76
Unused Amounts Reversed in Year	-	-	-	-	-	-	-
Unwinding of Discounting in Year	-	-	-	-	-	-	-
<b>Total Provisions as at 31 March 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,902)</b>	<b>(7,902)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

### Other Provisions

**NNDR Appeals** - There is a new requirement for the Council to provide for potential future obligations arising from appeals made to NNDR valuations - £5.6 million

**Rent Deposit Scheme** - There is a present obligation to the landlord, a large number of deposits are currently not returned due to damage to properties, and there is a probable outflow on these. It is estimated that the payment will not be greater than the original bond - £1.4 million

**Singletree & HRA** - Amounts set aside for future repairs and maintenance and service charges - £0.322 million

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

### 22. Usable Reserves

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

### 23. Unusable Reserves

	2014/15 £000	2013/14 £000
Revaluation Reserve	(111,786)	(27,324)
Capital Adjustment Account	(492,906)	(491,677)
Deferred Capital Receipts Reserve	(65,691)	(15,798)
Pensions Reserve	145,276	107,329
Collection Fund Adjustment Account	3,883	377
Accumulated Absences Account and Employee Reserve	1,680	1,331
<b>Total Unusable Reserves</b>	<b>(519,544)</b>	<b>(425,762)</b>

#### a) Revaluation Reserve

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

<b>Revaluation Reserve</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
<b>Balance at 1 April</b>	<b>(27,324)</b>	<b>(33,186)</b>
Upward revaluation of assets	(87,860)	-
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services (Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services	0	2,421
	<b>(115,184)</b>	<b>(30,766)</b>
Difference between Fair Value Depreciation and Historical Cost Depreciation	2,051	3,053
Accumulated gains on assets sold or scrapped	1,347	388
Amount written off to the Capital Adjustment Account	-	-
<b>Balance at 31 March</b>	<b>(111,786)</b>	<b>(27,324)</b>

### b) Capital Adjustment Account

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15		2013/14	
	£000	£000	£000	£000
<b>Capital Adjustment Account</b>				
<b>Balance at 1 April</b>		(491,677)		(430,494)
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	36,504		10,965	
Revaluation losses on Property, Plant and Equipment	-		-	
Amortisation of Intangible Assets	312		214	
Revenue expenditure funded from capital under statute	2,335		1,088	
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	10,859		5,564	
		<b>50,010</b>		<b>17,831</b>
Adjusting amounts written out of the Revaluation Reserve		-		-
Net written out amount of the cost of non-current assets consumed in the year		<b>50,010</b>		<b>17,831</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	(17,763)		(3,876)	
Use of the Major Repairs Reserve to finance new capital expenditure	(8,704)		(8,422)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,594)		(2,426)	
Application of grants to capital financing from the Capital Grants Unapplied Account	-		-	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(20)		(92)	
Capital expenditure charged against the General Fund and HRA balances	(19,651)		(4,538)	
		<b>(48,732)</b>		<b>(19,354)</b>
Upward Revaluation of Council Dwellings credited to HRA		-		<b>(42,943)</b>
Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(2,507)		(16,717)
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-		-
<b>Balance at 31 March</b>		<b>(492,906)</b>		<b>(491,677)</b>

### c) Deferred Capital Receipts Reserve

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

	2014/15	2013/14
	£000	£000
<b>Balance at 1 April</b>	(15,798)	(15,608)
Adjustment for restatement in respect of Finance Leases	(49,579)	-
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(295)	(481)
Transfer to the Capital Receipts Reserve upon receipt of cash	(19)	291
<b>Balance at 31 March</b>	<b>(65,691)</b>	<b>(15,798)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### d) Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The 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.

	2014/15 £000	2013/14 £000
<b>Balance at 1 April</b>	<b>107,329</b>	<b>89,328</b>
Actuarial gains or losses on pensions assets and liabilities	33,208	13,426
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	12,127	11,399
Employer's pensions contributions and direct payments to pensioners payable in the year	(7,388)	(6,824)
<b>Balance at 31 March</b>	<b>145,276</b>	<b>107,329</b>

### e) Collection Fund Adjustment Account

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

	2014/15 £000	2013/14 £000
<b>Balance at 1 April</b>	<b>377</b>	<b>27</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	3,506	350
<b>Balance at 31 March</b>	<b>3,883</b>	<b>377</b>

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

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

The Employment Reserve accounts for the Termination Payments that have been accrued but not paid as at 31 March 2015. These accruals are reversed and therefore mitigated through the Movement in Reserves Statement.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15 £000	2013/14 £000
<b>Accumulated Absences Account</b>		
<b>Balance at 1 April</b>	<b>1,331</b>	<b>1,082</b>
Settlement or cancellation of accrual made at the end of the preceding year	(1,260)	(1,011)
Additional accrual during the year	1,609	1,260
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	349	249
<b>Balance at 31 March</b>	<b>1,680</b>	<b>1,331</b>

### 24 Operating Activities

	2014/15 £000	2013/14 £000
<b>Operating activities within the Cashflow Statement include the following cashflows relating to Interest</b>		
Cash Interest Received	772	438
Cash Interest Paid	(6,678)	(7,079)
<b>Total</b>	<b>(5,906)</b>	<b>(6,641)</b>

### 25. Investing Activities

	2014/15 £000	2013/14 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	48,712	22,003
Purchase of short-term and long-term investments	(191)	17,774
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(6,758)	(10,688)
Other capital cash receipts in advance	(3,639)	(2,988)
<b>Total Cash Flows from Investing Activities</b>	<b>38,124</b>	<b>26,101</b>

### 26. Financing Activities

	2014/15 £000	2013/14 £000
Repayment of Long Term Borrowing	718	1,628
Other receipts from Financing Activities	(248)	(248)
Payments for the reduction of a Finance Lease Liability	20	92
<b>Total Cash Flows from Financing Activities</b>	<b>490</b>	<b>1,472</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27. Amounts Reported for Resource Allocation Decisions

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

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

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

Services Income and Expenditure	City Regeneration	Community Services	Organisational Development & Corporate Services	Total Cost of Services
	£000	£000	£000	£000
<b>2014/15</b>				
Fees, Charges and other Service Income	(52,354)	(53,494)	(20,652)	(126,500)
Government Grants	(114)	(1,816)	(66,274)	(68,204)
<b>Total Income</b>	<b>(52,468)</b>	<b>(55,310)</b>	<b>(86,926)</b>	<b>(194,704)</b>
Employee expenses	8,635	30,113	12,531	51,279
Other service expenses	20,124	29,876	53,554	103,554
Support service recharges	8,767	9,345	26,984	45,096
Depreciation, Amortisation and Impairment	14,428	7,785	667	22,880
<b>Total Expenditure</b>	<b>51,954</b>	<b>77,119</b>	<b>93,736</b>	<b>222,809</b>
<b>Net Expenditure</b>	<b>(514)</b>	<b>21,809</b>	<b>6,810</b>	<b>28,105</b>
<b>Services Income and Expenditure</b>				
	City Regeneration	Community Services	Organisational Development & Corporate Services	Total Cost of Services
	£000	£000	£000	£000
<b>2013/14</b>				
Fees, Charges and other Service Income	(51,470)	(49,659)	(19,641)	(120,770)
Government Grants	(92)	(1,960)	(66,945)	(68,997)
Revaluation Gain Council Dwellings	(42,943)	-	-	(42,943)
<b>Total Income</b>	<b>(94,505)</b>	<b>(51,619)</b>	<b>(86,586)</b>	<b>(232,710)</b>
Employee expenses	8,478	28,328	12,504	49,310
Other service expenses	17,241	29,296	71,812	118,349
Support service recharges	8,595	8,214	9,127	25,936
Depreciation, Amortisation and Impairment	8,397	5,407	473	14,277
<b>Total Expenditure</b>	<b>42,711</b>	<b>71,245</b>	<b>93,916</b>	<b>207,872</b>
<b>Net Expenditure</b>	<b>(51,794)</b>	<b>19,626</b>	<b>7,330</b>	<b>(24,838)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### ▫ Reconciliation to Subjective Analysis

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

<b>2014/15</b>	<b>Cost of Services</b>	<b>Corporate Amounts</b>	<b>Total (Surplus)/Deficit on the Provision of Services</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fees, Charges and Other Service Income	(126,500)	(9,997)	<b>(136,497)</b>
Interest and Investment Income	-	(2,224)	<b>(2,224)</b>
Income from Council Tax	-	(12,106)	<b>(12,106)</b>
Government Grants and Contributions	(68,204)	(17,392)	<b>(85,596)</b>
<b>Total Income</b>	<b>(194,704)</b>	<b>(41,719)</b>	<b>(236,423)</b>
Employee Expenses	51,279	-	<b>51,279</b>
Other Service Expenses	103,554	-	<b>103,554</b>
Support Service Recharges	45,096	-	<b>45,096</b>
Depreciation, Amortisation and Impairment	22,880	-	<b>22,880</b>
Interest Payments	-	11,540	<b>11,540</b>
Precepts & Levies	-	193	<b>193</b>
Payments to Housing Capital Receipts Pool	-	1,434	<b>1,434</b>
(Gain)/ Loss on Disposal of Fixed Assets	-	(45,411)	<b>(45,411)</b>
<b>Total expenditure</b>	<b>222,809</b>	<b>(32,246)</b>	<b>190,564</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>28,105</b>	<b>(73,965)</b>	<b>(45,860)</b>
<b>2013/14</b>	<b>Cost of Services</b>	<b>Corporate Amounts</b>	<b>Total (Surplus)/Deficit on the Provision of Services</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Revaluation Gain Council Dwellings	(42,943)	-	<b>(42,943)</b>
Fees, Charges and Other Service Income	(120,770)	(9,605)	<b>(130,375)</b>
Interest and Investment Income	-	(1,575)	<b>(1,575)</b>
Income from Council Tax	-	(11,535)	<b>(11,535)</b>
Government Grants and Contributions	(68,997)	(17,834)	<b>(86,831)</b>
<b>Total Income</b>	<b>(232,710)</b>	<b>(40,550)</b>	<b>(273,260)</b>
Employee Expenses	49,310	-	<b>49,310</b>
Other Service Expenses	118,349	-	<b>118,349</b>
Support Service Recharges	25,936	-	<b>25,936</b>
Depreciation, Amortisation and Impairment	14,277	-	<b>14,277</b>
Interest Payments	-	10,752	<b>10,752</b>
Precepts & Levies	-	189	<b>189</b>
Payments to Housing Capital Receipts Pool	-	1,756	<b>1,756</b>
(Gain)/ Loss on Disposal of Fixed Assets	-	(4,345)	<b>(4,345)</b>
<b>Total expenditure</b>	<b>207,872</b>	<b>8,352</b>	<b>216,224</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>(24,838)</b>	<b>(32,198)</b>	<b>(57,036)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 28. Trading Operations

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

		2014/15 £000	2013/14 £000
<b>Building Control Charging Account</b>	Turnover	(450)	(453)
	Expenditure	514	552
	<b>(Surplus)/Deficit</b>	<b>64</b>	<b>99</b>
<b>Trade Refuse &amp; Recycling</b>	Turnover	(2,836)	(2,541)
	Expenditure	1,710	1,586
	<b>(Surplus)/Deficit</b>	<b>(1,126)</b>	<b>(955)</b>
<b>Estates</b>	Turnover	(718)	(1,845)
	Expenditure	715	1,287
	<b>(Surplus)/Deficit</b>	<b>(3)</b>	<b>(558)</b>
<b>Net Surplus on Trading Operations</b>		<b>(1,065)</b>	<b>(1,414)</b>

### 29. Agency Services

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

This includes Routine Maintenance, and for 2014/15, additional funding specifically for Pot Hole Maintenance.

	2014/15 £000	2013/14 £000
Routine Maintenance Expenditure	1,527	1,334
Additional Funding	185	-
<b>Net Expenditure Recharged through the Agency Arrangement</b>	<b>1,712</b>	<b>1,334</b>

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

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

### 30. Members' Allowances

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15 £000	2013/14 £000
<b>Members' Allowances</b>		
Allowances	326	330
Expenses	3	4
<b>Total Payments</b>	<b>329</b>	<b>334</b>

### 31. Officers Remuneration - Senior Employees

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

Name/Title		Salary, Fees and Allowances £	Pension Contributions £	Total £
Chief Executive	2014/15	144,232	29,712	173,944
	2013/14	139,860	28,251	168,111
Executive Director, City Regeneration	2014/15	112,897	23,257	136,154
	2013/14	111,229	22,468	133,697
Executive Director, Community Services	2014/15	112,897	23,257	136,154
	2013/14	111,229	22,468	133,697
Executive Director, Organisational Development and Corporate Services	2014/15	112,897	23,257	136,154
	2013/14	111,229	22,468	133,697
Head of Law & Governance/Monitoring Officer	2014/15	85,673	17,686	103,359
	2013/14	84,462	16,980	101,442
Head of Financial Services/Section 151 Officer	2014/15	85,723	17,659	103,382
	2013/14	84,462	16,980	101,442

The Chief Executive's salary shown in the table above for 2014/15 compared to 2013/14 indicates an increase of 3.1%. This is due to a temporary reduction in hours during 2013/14. The equivalent full time increase is 1.5%.

The Authority'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 2014/15	Number of employees 2013/14
£50,000 - £54,999	13	8
£55,000 - £59,999	4	6
£60,000 - £64,999	11	7
£65,000 - £69,999	2	4
£70,000 - £74,999	-	3
£75,000 - £79,999	2	2
£80,000 - £84,999	2	2
£85,000 - £89,999	2	-
£90,000 - £94,999	1	-
£95,000 - £99,999	1	1
<b>Total Number of Employees</b>	<b>38</b>	<b>33</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	
	2014/15 Nos	2013/14 Nos	2014/15 Nos	2013/14 Nos	2014/15 Nos	2013/14 Nos	2014/15 £000	2013/14 £000
£0- £20,000	-	-	31	31	31	31	184	222
£20,001- £40,000	-	-	1	7	1	7	25	191
£40,001- £60,000	-	-	-	4	-	4	-	193
£60,001- £80,000	-	-	-	-	-	-	-	-
£80,001- £100,000	-	-	-	-	-	-	-	-
£100,001- £150,000	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>32</b>	<b>42</b>	<b>32</b>	<b>42</b>	<b>209</b>	<b>606</b>

### 32. External Audit Costs

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

	2014/15 £000	2013/14 £000
External Audit	114	116
Audit Commission Rebate	(14)	(15)
Certification of Grant Claims & Returns	34	44
<b>Total</b>	<b>134</b>	<b>145</b>

### 33. Grant Income

The Authority has credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

	2014/15 £000	2013/14 £000
<b>Grants Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	6,341	8,220
National Non-Domestic Rates	5,019	5,280
New Homes Bonus	2,038	1,731
Community Infrastructure Levy	1,400	-
Developer Contributions	835	470
New Growth Points	633	243
Disabled Facilities Grant	456	450
HCA Funding - Affordable Housing	221	1,048
DCMS Broadband Delivery UK	125	-
Waste Recycling Environmental Ltd Grant	123	-
Football Foundation	79	-
Sport England	68	-
Environment Agency Funding	30	-
Barton Adventure Play Park	25	68
Business Rates Relief	-	190
Capitalisation Provision Redistribution Grant	-	43
DCLG Council Tax Transition Grant	-	42
Contribution to 21 Buckler Drive	-	20
Contribution to Drainage Works at Headington Hill Park	-	18
Contribution to Skate Park	-	8
Contribution to Pavilions Programme	-	2
<b>Total</b>	<b>17,393</b>	<b>17,833</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15 £000	2013/14 £000
<b>Grants Credited to Services</b>		
Housing Benefits Grant	64,675	66,200
Sports England - Sports Grants	847	818
DWP Discretionary Housing Payments	465	-
Oxfordshire Total Refit	363	78
NNDR admin Grant	217	-
Contribution to SALIX	161	-
Local Council Tax Support	155	-
European Social Fund Grant	151	-
CO Individual Electoral Registration Grant	149	32
DCLG Fraud Hub	136	-
Housing Fraud Investigation	100	110
Localising Council Tax New Burdens	92	-
S31 Rogue Landlord - Unlawful Dwellings	90	60
DEFRA Repairs & Renewals Grant	53	-
Welfare Reform Grant	50	-
Home Improvements (Supporting People)	49	49
Arts Council Funding	45	68
Welfare Reform Changes 2014/15	42	-
Community Safety	38	319
Interim Management order	31	-
Aspire Funding	29	-
Contributions to Museum of Oxford	27	-
Contributions to Dance Projects	24	9
Contribution to Cross District Services	24	-
DEFRA Environmental Stewardship	23	20
Contribution towards district Data Analysis	22	-
Heritage Conservation Fund	15	15
DCLG Fraud & Error Reduction Incentive Scheme	14	-
Council tax flood relief grant	14	-
Mayday Trust Project	12	25
Contributions to Christmas Lights Festival	11	22
Clore Grant	11	-
DCLG New Places of Growth	10	20
Contributions to Sports Development	9	-
DCLG Community Right to Challenge Grant	9	9
DCLG Assets of Community Value	8	8
DCLG Local Authority Transparency Code	6	-
Staff Awards sponsorship	5	3
Contributions to Cemeteries	4	4
Go Active 2013	4	6
English Heritage Oxford Heritage Asset Register	4	5
DFT Office for Low Emission Vehicles Grant	4	8
Oxford Archaeology Grant	3	-
Contributions to Parks Services	3	-
Direct Payments DWP Project	-	385
DFT Clean Bus Technology Fund	-	200
Get Healthy Funding	-	80
DCLG New Burdens Council Tax Reform	-	79
DWP Housing Benefit New Burdens Grant	-	63
DEFRA Air Quality Grant	-	50
Universal Credits	-	35
County Council Community Centre Grant	-	34
Community Activation Fund Grant	-	26
County Sports Partnership	-	25
Sport England Coaching	-	20
DWP - Housing benefit Transitional Funding (S5/2013)	-	18
DECC Heat Networks Delivery Unit Grant	-	17
DWP - Benefit Cap Personal independence Payment	-	13
Sport England Grant funding re Pongathon	-	10
Heritage Lottery Fund Grant	-	10
LGA Economic Growth Advisor	-	7
Blackbird Leys Job Club	-	7
Provision of Equipment for Oxford Festival	-	6
EU Bonn Grant	-	5
Youth Voice Project	-	5
DWP - Local Authority Data Sharing	-	5
Oxford University Renaissance	-	5
Contributions to Severe Weather Emergency Provision	-	4
<b>Total</b>	<b>68,204</b>	<b>68,997</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the money to be returned to the provider if they are not used for the purpose specified. The balances at the year end are as follows:

	2014/15 £000	2013/14 £000
<b>Capital Grants Receipts in Advance</b>		
Developer Contributions	3,200	3,571
HCA Growth Fund Grant	302	734
Housing Delivery (New Growth Points) Allocation	-	185
WREN Funding Contribution	-	89
Competition Pool Sport England	-	68
Barton Adventure Play Park	-	25
West End Partnership	-	17
Community Infrastructure Levy	-	7
<b>Total</b>	<b>3,502</b>	<b>4,696</b>

	2014/15 £000	2013/14 £000
<b>Revenue Grants</b>		
Sport England funding	474	528
DECC Heat Networks Delivery Unit Grant	128	17
DCLG Fraud Hub Grant	124	-
Legal Practice Certificate Grant	53	-
DFT Clean Bus Technology Fund	50	50
DEFRA Low Carbon Framework Grant	44	64
DEFRA Air Quality Grant	33	53
CO Individual Electoral Registration Grant	32	24
HIA Supporting People Grant	19	29
DEFRA Contaminated Land Grant	19	19
DECC 12/13 Grant (Pioneer Places)	18	18
Heritage Conservation Fund	15	-
FERIS Grant 14/15	14	-
ACE Museum 40th Anniversary grant	13	-
DCLG Fraud Investigations	12	-
LGA Economic Growth Advisor	7	7
National Lottery Funding	6	6
StreetGames	1	-
County Council Community Centre Grant	-	34
Community Sport Activation Fund	-	33
DCLG Tenancy Fraud Investigations	-	12
Sport England Pongathon Grant	-	10
DEFRA Environmental Stewardship	-	10
DCLG Community Right to Challenge Grant	-	9
Imagine Foundation Grant	-	5
DFT Office for Low Emission Vehicles Grant	-	4
<b>Total</b>	<b>1,062</b>	<b>932</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 34. Related Parties

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

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 27 (page 58). Grant receipts outstanding at 31 March 2015 are shown in Note 33 (page 62).

Members of the Council have direct control over the Council's financial and operating policies. A number of members and senior officers are members of voluntary organisations which receive small grants and funding from the Council. The grants and funding were made with proper consideration of declarations of interest. The Register of Members' Interest is held at the Town Hall, and is open for public inspection. No material interests have been declared. A number of Members serve on both the City Council and Oxfordshire County Council, this is not considered material. The total of members allowances is shown in Note 30 (page 60).

Members represent the Council on various organisations. Appointments are reviewed annually, unless a specific termination date for the term of office applies. None of these appointments places the Members concerned in a position to exert undue influence or control. A grant of approximately £130,000 was paid to a voluntary organisation of which two members close family are trustees. This grant was made with proper consideration of their declarations of interest.

There are a number of senior officers who are appointed Directors of the Barton Oxford LLP, an arms length company set up between the Council and Grosvenor Developments Limited to facilitate new housing in Barton. There is also a senior officer who is an appointed Director of the Low Carbon Hub, which received a grant of approximately £240,000 from 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.
- Oxfordshire County Council - the Council utilises ICT service provided by Oxfordshire County Council, for a period ending 31 March 2016.
- Fusion Lifestyle - The Council has a contract with Fusion Lifestyle a social enterprise with charitable status to manage and develop the Council's seven public leisure facilities.
- Barton Oxford LLP – an arms length company set up between the Council and Grosvenor Developments Limited to facilitate new housing in Barton.
- Local Boards and Trusts – Officers and Members represent the Council on various organisations, there are no material transactions.
- Visit Oxfordshire - the Council works closely with Visit Oxfordshire to provide tourism across the city.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 35. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with associated financing. Where capital expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is explained and analysed in the second part of this note.

The Council is required to make a charge to its revenue account to reflect debt repayment, this is known as the Minimum Revenue Provision (MRP). At 1 April 2014 the Council had a negative general Fund CFR and therefore no MRP is required in 2014/15.

	2014/15 £000	2013/14 £000
<b>Opening Capital Financing Requirement</b>	<b>220,550</b>	<b>218,120</b>
<b>Capital Investment</b>		
Property Plant and Equipment	45,627	19,956
Investment Properties	515	466
Intangible Assets	235	494
Revenue Expenditure Funded from Capital under Statute	2,335	1,087
<b>Total Capital Spend</b>	<b>48,712</b>	<b>22,003</b>
<b>Sources of Finance</b>		
Capital Receipts	(17,763)	(3,876)
Government Grants and other Contributions	(11,298)	(2,426)
Sums Set Aside from Revenue	(19,475)	(13,179)
Finance Leases	(20)	(92)
<b>Sources of Finance Total</b>	<b>(48,556)</b>	<b>(19,573)</b>
<b>Closing Capital Financing Requirement</b>	<b>220,706</b>	<b>220,550</b>
<b>Explanation of Movements in Year</b>		
(Increase) in Underlying Need to Borrow (unsupported by Government Financial Assistance)	(156)	(2,430)
Decrease in Underlying Need to Borrow (unsupported by Government Financial Assistance)	-	-
<b>(Increase)/Decrease in Capital Financing Requirement</b>	<b>(156)</b>	<b>(2,430)</b>

### 36. Leases

#### a) Authority as Lessee

#### FINANCE LEASE

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

	31 Mar 2015 £000	31 Mar 2014 £000
Other Land and Buildings	7,652	141
Vehicles, Plant, Furniture and Equipment	181	18
<b>Total</b>	<b>7,833</b>	<b>159</b>

The increase in 2014/15 is due to: a. the premium paid for St Aldate's head lease and b. embedded lease assets provided under the Fusion contract for Oxford Leisure Facilities.

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

	31 Mar 2015 £000	31 Mar 2014 £000
<b>Finance lease liabilities (net present value of minimum lease payments)</b>		
- Current	52	8
- Non Current	158	252
Finance Costs Payable in Future Years	125	124
<b>Minimum Lease Payments</b>	<b>335</b>	<b>384</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 2015 £000	31 Mar 2014 £000	31 Mar 2015 £000	31 Mar 2014 £000
Not later than one year	60	17	52	8
Later than one year and not later than five years	109	67	98	33
Later than five years	166	300	59	219
<b>Total</b>	<b>335</b>	<b>384</b>	<b>209</b>	<b>260</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £148,308 contingent rents were payable by the Authority (£215,720 in 2013/14)

### OPERATIONAL LEASES

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

Operating Leases	31 Mar 2015 £000	31 Mar 2014 £000
Not later than one year	810	640
Later than one year and not later than five years	1,282	984
Later than five years	1,678	1,702
<b>Total</b>	<b>3,770</b>	<b>3,326</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 2015 £000	31 Mar 2014 £000
Minimum lease payment	1,475	1,298
Contingent rent	474	463
Sublease payment receivable	(32,012)	(35)
<b>Total</b>	<b>(30,063)</b>	<b>1,726</b>

The increases in 2014/15 relates in the main to the sublease on Ramsey House, this will be received until 2121 (106 years) at £280,000 per year, therefore totalling approximately £30 million.

### b) Authority as Lessor

#### FINANCE LEASES

The Authority leases out many properties, and an assessment has been undertaken to establish those that are considered to have transferred the risks of ownership to the lessee.

	31 Mar 2015 £000	31 Mar 2014 £000
<b>Finance Lease debtor (net present value of minimum lease payments)</b>		
- Current	7	7
- Non Current	59,399	9,826
Unguaranteed Residual Value of Property*	2,773	577
<b>Gross Investment in the Lease</b>	<b>62,179</b>	<b>10,410</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 2015 £000	31 Mar 2014 £000	31 Mar 2015 £000	31 Mar 2014 £000
Not later than one year	7	7	7	7
Later than one year and not later than five years	30	31	30	31
Later than five years	62,142	10,372	59,369	9,027
<b>Total</b>	<b>62,179</b>	<b>10,410</b>	<b>59,406</b>	<b>9,065</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £120,961 were receivable by the Authority (2013/14 £297,000). The increase in the non-current debtor gross investment in lease and minimum lease payments later than five years is due to a new finance lease on the Westgate Shopping Centre.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 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 2015</b>	<b>31 Mar 2014</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	5,647	5,667
Later than one year and not later than five years	18,729	19,986
Later than five years	51,971	61,254
<b>Total</b>	<b>76,347</b>	<b>86,907</b>

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

In 2014/15 £1.58 million contingent rents were received by the Authority (£1.85 million in 2013/14).

### 37. Impairment Losses

Impairment losses during 2014/15 are included in Note 11 (page 44).

### 38. Termination Benefits and Exit Payments

Termination benefits are payable as a result of either:

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

There were no termination curtailment costs during 2014/15 included in the IAS19 report. However, there were £20,000 of new costs relating to pension strain.

A payment in respect of previously recognised costs amounted to £66,000, these were initially charged in past cost of service in the Comprehensive Income and Expenditure Account, and were removed to avoid double counting. These costs were then reinstated via the Movement in Reserves Statement to allow the burden to fall on the General Fund in line with the minimum required charge.

	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Balance</b>	<b>70</b>	<b>258</b>
New termination costs in year	20	-
Less costs removed in year	(66)	(188)
<b>Closing Balance</b>	<b>24</b>	<b>70</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 31 (page 61). The exit payment includes Pension Strain costs on termination as well as redundancy and other payments. However, Pension Strain costs represent a future liability rather than a current year payment. The termination costs and IAS 19 costs do not include redundancy payments which are included in the disclosure note for exit payments.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Authority terminated the contracts of a number of employees in 2014/15, incurring total costs of £209,000 (£606,000 in 2013/14).

### 39. Defined Benefit Pension Scheme

#### a) Participation in the Pension Scheme

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

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

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

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

Transactions Relating to Post Employment Benefits	Local Government Pension Scheme	
	2014/15 £000	2013/14 £000
<b>Cost of Services</b>		
Current Service Cost	7,265	7,244
Past Service Costs	-	182
Administration Expenses	196	102
<b>Financing and Investment Income and Expenditure</b>		
Interest Cost	4,666	3,871
<b>Total Post Employment Benefit Charged to the Surplus/(Deficit) on the Provision of Services</b>	<b>12,127</b>	<b>11,399</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)	(14,038)	(1,171)
Other actuarial gains/(losses) on assets	-	2,643
Changes in Financial Assumptions	47,205	8,725
Actuarial gains and losses arising on the change of demographic assumptions	-	14,230
Experience loss/(gains) on defined benefit obligation	41	(11,001)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>33,208</b>	<b>13,426</b>
	<b>2014/15 £000</b>	<b>2013/14 £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	(12,127)	(11,399)
<b>Actual amount charges against the General Fund Balance for pensions in the year</b>		
Employers' Contributions Payable to Scheme	7,388	6,824



## NOTES TO THE CORE FINANCIAL STATEMENTS

The Cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Account at 31 March 2015 is £70.6 million loss. (£37.4 million loss as at 31 March 2014).

### c) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and discretionary benefit liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the Council Fund based on the latest valuation of the scheme as at 31 March 2015 is set out below.

The principal assumptions used by the actuary are:

	2014/15	2013/14
<b>Long-term Expected Rate of Return on Assets in the Scheme:</b>		
Equity Investments	6.60%	7.00%
Bonds	2.46%	3.90%
Average All	5.18%	5.03%
<b>Mortality Assumptions:</b>		
<b>Longevity at 65 for Current Pensioners</b>		
Men	23.3	23.2
Women	25.7	25.5
<b>Longevity at 65 for Future Pensioners</b>		
Men	25.5	25.4
Women	28	27.9
<b>Rate of Inflation</b>		
RPI	3.20%	3.60%
CPI	2.40%	2.80%
Rate of increase in Salaries	4.20%	4.60%
Rate of Increase in Pensions	2.40%	2.80%
Rate for Discounting Scheme Liabilities	3.30%	4.50%
Take up option to convert annual pension to lump sum	50.00%	50.00%

### Member Assumption

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

Proportion of Assets Held	2014/15	2013/14
	%	%
Equity Investments	67	68
Debt Instruments	16	16
Other Assets	17	16
<b>Total</b>	<b>100</b>	<b>100</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2014/15 £000	2013/14 £000
<b>Opening Balance 1 April</b>	<b>298,885</b>	<b>275,402</b>
Current Service Cost	7,265	7,244
Interest Cost	13,299	12,216
Contributions by Scheme Participants	2,232	1,943
Actuarial (Gains) and Losses from Demographic Assumptions	-	14,230
Actuarial (Gains) and Losses from Changes in Financial Assumptions	47,205	8,725
Experience (Gain)/Loss on Defined Benefit Obligation	41	(11,001)
Benefits Paid	(8,528)	(9,571)
Past Service Cost Including Curtailments	-	182
Unfunded Pension Payments	(496)	(485)
<b>Closing Balance 31 March</b>	<b>359,903</b>	<b>298,885</b>

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

	2014/15 £000	2013/14 £000
<b>Opening Fair Value of Scheme Assets 1 April</b>	<b>191,556</b>	<b>186,074</b>
Interest Income	8,633	8,345
Return on Plan Assets Less Interest	14,038	1,171
Other Actuarial (Gain)/Loss	-	(2,643)
Administration Expenses	(196)	(102)
Employers Contributions	7,388	6,824
Contributions by Scheme Participants	2,232	1,943
Settlements	(9,024)	(10,056)
<b>Closing Balance 31 March</b>	<b>214,627</b>	<b>191,556</b>

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

	2014/15 £000	2013/14 £000
<b>Present Value of Liabilities</b>		
Local Government Scheme	(350,929)	(290,549)
Fair Value of Assets in the Local Government Pension Scheme	214,627	191,556
Present Value of Unfunded Obligation	(8,974)	(8,336)
<b>Surplus/(Deficit) in the Scheme</b>	<b>(145,276)</b>	<b>(107,329)</b>

#### Sensitive Analysis

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

	Increase in the Assumption £000	No Change in the Assumption £000	Decrease in the Assumption £000
<b>Adjustment to Mortality Age Rate Assumption</b>			
Plus 1 year to life		nil	Minus 1 year
Present Value of Total Obligation	347,501	359,903	372,412
<b>Adjustment to Long Term Salary Increase</b>			
Plus 1%		nil	Minus 1%
Present Value of Total Obligation	360,539	359,903	359,269
<b>Adjustment to Pension Increase and Deferred Revaluation</b>			
Plus 1%		nil	Minus 1%
Present Value of Total Obligation	365,834	359,903	354,080
<b>Adjustment to Discount Rate</b>			
Plus 1%		nil	Minus 1%
Present Value of Total Obligation	353,508	359,903	366,419

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

### **40. Contingent Liabilities**

There is a contingent liability relating to NNDR appeals. This is due to an uncertainty around whether the Valuation Office will revalue doctors surgeries within the City, which could cause an increase in appeals.

### **41. Contingent Assets**

There are no Contingent Assets for 2014/15

### **42. Nature and Extent of Risks Arising from Financial Instruments**

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

#### **a) Credit Risk**

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

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £4.5 million invested in this sector at that time. Over the last few years we have received a substantial amount of these deposits back and now have only £0.3 million outstanding, and this is expected to be received almost in its entirety over the next few months.

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 £51m as at 31 March 2015 and cannot be assessed generally as the risk of any institution failing to make interest payment or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of un-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### b) Liquidity Risk

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

### c) Refinancing and Maturity Risk

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

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

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

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

The maturity analysis of financial liabilities is as follows:

	2014/15 £000	2013/14 £000
Up to 1 year	26,119	17,749
Between 1 and 5 years	-	1,434
Between 5 and 10 years	20,000	20,000
Over 10 years	178,528	178,528
	<b>224,647</b>	<b>217,711</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.

	2014/15 £000	2013/14 £000
Short Term Borrowing - Public Works Loan Board	895	730
Long Term Borrowing - Public Works Loan Board	198,528	199,710
Local Bonds	4	4
Finance Lease Liability	158	260
Cash	-	(4,182)
Creditors	25,220	13,641
	<b>224,805</b>	<b>210,162</b>
<b>Amortised Cost</b>	<b>224,805</b>	<b>210,162</b>
<b>Fair Value</b>	<b>282,792</b>	<b>220,853</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.

	2014/15 £000	2013/14 £000
Short Term Investments	42,298	62,133
Long Term Investments	9,894	2,894
Cash	822	-
Debtors	22,689	13,231
Long Term Debtors	67,093	17,099
	<b>142,795</b>	<b>97,262</b>
<b>Amortised Cost</b>	<b>144,028</b>	<b>97,496</b>

All trade and other payables are due to be paid in less than one year. The 2013/14 figures in sections c,d,e have been amended to only reflect the non statutory creditors and debtors.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### f) Market Risk

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

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

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

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

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

The Council does not have any variable rate borrowings, therefore the impact of a 1% increase or decrease in interest rates would have a nil financial impact. However it does have deposits in Money Market Funds (MMF), which are at a variable rate. These funds fluctuate daily but within a range of approximately 0.01%. A 1% increase or decrease in interest rates would impact up to £200,000 per year.

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

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

### g) Financial Instruments Gains and Losses

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

The fair values calculated are as follows:

Fair Value of Assets and Liabilities carried at Amortised Cost	2014/15		2013/14	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
PWLB Debt	199,423	245,525	200,440	203,582
Non - PWLB Debt	-	-	-	-
<b>Total Debt</b>	<b>199,423</b>	<b>245,525</b>	<b>200,440</b>	<b>203,582</b>
Trade Creditors	30,605	30,605	16,920	16,920
<b>Total Financial Liabilities</b>	<b>230,028</b>	<b>276,130</b>	<b>217,364</b>	<b>220,506</b>
Money Market Loans < 1year	41,476	41,476	62,133	62,133
Money Market Loans > 1year	9,894	11,126	2,894	3,127
Long Term Debtors	67,093	67,093	17,099	17,099
Trade Debtors	15,223	15,223	12,772	12,772
<b>Total Loans and Receivables</b>	<b>133,685</b>	<b>134,918</b>	<b>94,898</b>	<b>95,132</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

The assets not shown at Market Value are Non Operational Property Assets which are based on Depreciated Historic Cost and a Donated asset. In 2011/12 a Donated Asset was recorded at the cost to the donor (£14,000). The cost of a valuation was not considered to be value for money.

During 2014/15 there have been no purchases, disposals, impairments or additional donated assets. The 2014/15 column below is therefore nil but has been provided to comply with the Code of Practice.

	2014/15	2013/14	2012/13	2011/12	2010/11
	£000	£000	£000	£000	£000
<b>Cost/Value of Acquisitions of Heritage Assets</b>					
Great Mace, Plate Room Silver Plaques and Cutlery	1,412	1,412	1,412	1,412	1,412
Furniture	47	47	47	47	13
Civic Regalia including Chains of Office Coat of Arms, registration number, and Organ	363	363	363	363	361
Fire Arms	38	38	38	38	38
Pictures and Drawings	423	423	423	423	420
Non Operational Property	214	214	214	200	200
<b>Total Cost/Value of Heritage Assets</b>	<b>2,496</b>	<b>2,496</b>	<b>2,496</b>	<b>2,483</b>	<b>2,444</b>
Value of Heritage Assets Acquired by Donation	-	-	-	14	-
<b>Total Donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>
<b>Disposals</b>					
Carrying Value	-	-	-	-	-
Proceeds	-	-	-	-	-
<b>Impairment recognised in the period</b>					
Great Mace, Plate Room Silver Plaques and Cutlery	-	-	-	(1)	-
Furniture	-	-	-	-	-
Civic Regalia including Chains of Office Coat of Arms, registration number, and Organ	-	-	-	-	-
Fire Arms	-	-	-	-	-
Pictures and Drawings	-	-	-	-	-
Non Operational Property	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>

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

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

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

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



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

### **Furniture**

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

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

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

### **Firearms**

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

### **Pictures and Drawings**

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

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

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

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

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

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

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# **SUPPLEMENTARY FINANCIAL STATEMENTS**

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## HOUSING REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

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

	Note	2014/15 £000	2013/14 £000
<b>Expenditure</b>			
Repairs & Maintenance		11,034	10,274
Supervision & Management		7,636	7,292
Rents, Rates, Taxes & Other Charges		111	6
Depreciation and Impairment of Non-Current Assets		13,194	7,753
Movement in the Allowance for Bad Debts (not specified by the Code)	H2.8	358	179
<b>Total Expenditure</b>		<b>32,333</b>	<b>25,504</b>
<b>Income</b>			
Dwelling Rents (Gross)		(40,722)	(39,773)
Non Dwelling Rents (Gross)		(26)	(0)
Charges for Services & Facilities		(2,455)	(1,978)
Revaluation Gain reversing impairment		-	(42,943)
<b>Total Income</b>		<b>(43,203)</b>	<b>(84,694)</b>
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(10,870)	(59,190)
HRA Services' share of Corporate and Democratic Core		190	189
<b>Net Income for HRA Services</b>		<b>(10,680)</b>	<b>(59,001)</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		(3,208)	(1,826)
Interest Payable and Similar Charges		7,733	7,798
Interest and Investment Income	H2.6	(97)	(44)
Pensions Interest Cost and Expected Return on Pension Assets		117	85
<b>(Surplus)/Deficit for the year on HRA Services</b>		<b>(6,135)</b>	<b>(52,988)</b>

## STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

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

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

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

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

#### MOVEMENT ON THE HRA STATEMENT

	2014/15 £000	2013/14 £000
<b>Balance on the HRA at the end of the Previous Year</b>	<b>(4,000)</b>	<b>(3,698)</b>
(Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	(6,135)	(52,988)
Adjustments between Accounting Basis and Funding Basis Under Statute		
- Difference between any other item of income and expenditure	(9)	(21)
- Gain or loss on sale of HRA non-current assets	3,208	1,826
- HRA share of contributions to or from the Pensions Reserve	(132)	(101)
- Capital expenditure funded by the HRA	10,108	(135)
- Transfer to/from the Major Repairs Reserve	896	8,422
- Transfer to/from the Capital Adjustment Account	(5,386)	35,612
<b>Net Increase/(Decrease) before Transfers to or from Reserves</b>	<b>2,550</b>	<b>(7,385)</b>
Transfer (to)/from Reserves	(2,550)	7,083
<b>Increase/(Decrease) in Year on the HRA</b>	<b>-</b>	<b>(302)</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

### H2.1 Housing and Garage Stock Numbers

	2014/15	2013/14
<b>Houses</b>		
1 bedroom	278	277
2 bedrooms	841	843
3 bedrooms	2,862	2,887
more than 3 bedrooms	269	274
<b>Flats</b>		
1 bedroom	1,577	1,579
2 bedrooms	1,727	1,734
3 bedrooms	151	149
more than 3 bedrooms	4	4
<b>Non Dwelling Properties</b>		
Hostels	8	8
<b>Overall Total</b>	<b>7,717</b>	<b>7,755</b>

	2014/15	2013/14
<b>Summary of Changes in Stock</b>		
<b>Stock at 1 April 2014</b>	<b>7,755</b>	<b>7,827</b>
Adjustment Prior Year	-	(2)
Less Sales	(47)	(46)
Other Disposals	-	(30)
Additions	9	6
<b>Stock at 31 March 2015</b>	<b>7,717</b>	<b>7,755</b>

	2014/15	2013/14
<b>Garages and Parking Spaces</b>		
Garages Within Curtilage	272	272
Parking Spaces	45	50
<b>Overall Total</b>	<b>317</b>	<b>322</b>

	2014/15	2013/14
<b>Summary of Changes in Garages &amp; Parking Spaces</b>		
<b>Stock at 1 April 2014</b>	<b>322</b>	<b>2,602</b>
Demolished/ Disposed	(5)	-
Stock transferred to the General Fund	-	(2,280)
<b>Stock at 31 March 2015</b>	<b>317</b>	<b>322</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

Following revaluation on 1 April 2014, the vacant possession value (EUV) of the Council's housing stock (Council Dwellings) amounted to £1,622 million. Application of the social housing factor of 32% (EUV-SH) to the general housing stock, representing the economic cost to government of providing council housing, resulted in a Balance Sheet value of £540 million. At 31 March 2015, application of the social housing factor to the general housing stock resulted in a total value of £572 million.

The table below shows the HRA property values at appropriate measures of Fair Value as at 31 March 2015:

	2014/15 Cost or Valuation £000	2014/15 Depreciation £000	2014/15 Net Book Value £000	2013/14 Cost or Valuation £000	2013/14 Depreciation £000	2013/14 Net Book Value £000
Council Dwellings	572,389	(7,279)	565,110	522,184	(12,036)	510,148
Other Land and Buildings	2,693	(529)	2,164	2,913	(137)	2,776
Vehicles, Plant, Furniture and Equipment	-	-	-	67	(67)	-
Assets Under Construction	11,743	-	11,743	3,123	-	3,123
Surplus Assets not Held for Sale	567	-	567	1,078	(56)	1,022
Investment Properties	140	-	140	30	-	30
Assets Held for Sale	1,304	-	1,304	1,489	-	1,489
<b>As at 31 March 2015</b>	<b>588,836</b>	<b>(7,808)</b>	<b>581,028</b>	<b>530,884</b>	<b>(12,296)</b>	<b>518,588</b>

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

	2014/15 £000	2013/14 £000
<b>Opening Balance</b>	-	(7,000)
Transfer from Capital Financing Reserve	(7,808)	(6,309)
Excess of Depreciation on Dwellings over Major Repairs Allowance	(896)	(2,113)
Financing of Capital Expenditure (MRA Applied)	8,704	8,422
Transfer to General Fund	-	7,000
<b>Closing Balance</b>	-	-

### H2.3 Capital Expenditure and Financing

	2014/15 £000	2013/14 £000
Buildings	21,101	10,747
Revenue Expenditure Funded from Capital under Statute	33	135
<b>Total Spend</b>	<b>21,134</b>	<b>10,882</b>
<b>Sources of Finance</b>		
Major Repairs Reserve	8,704	8,422
Grants and Contributions	221	1,068
Capital Receipts	2,101	1,392
Revenue Contributions to Capital	10,108	-
<b>Total Financing</b>	<b>21,134</b>	<b>10,882</b>



## NOTES TO THE HOUSING REVENUE ACCOUNT

### H2.4 Capital Receipts Received

	2014/15 £000	2013/14 £000
Buildings	(6,588)	(9,084)
<b>Total</b>	<b>(6,588)</b>	<b>(9,084)</b>

### H2.5 Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from Capital under statute relates to capital expenditure which does not necessarily result in an asset. In 2014/15 the charges were £33,185 and in 2013/14 they were £134,520.

### H2.6 Interest Received

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

	2014/15 £000	2013/14 £000
Interest on Cash Balances	(97)	(45)
Interest on Loans to Individuals	-	1
<b>Total</b>	<b>(97)</b>	<b>(44)</b>

The Housing Revenue Account was debited with Item 8 interest of £7.7 million in 2014/15, this relates to the proportion of the external interest relating to the Housing Revenue Account.

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

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

The current cost of pensions amounting to £0.1 million has been charged to the HRA and the adjustment between accounting bases of £15,000 applied to ensure the HRA is charged with the statutory sum related to the actual cost of pension provision in year (£0.1 million).

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H2.8 Rent Arrears

	2014/15		2013/14	
	£000	% of total rents due	£000	% of total rents due
<b>Arrears Details</b>				
Current Tenants	1,042	2.53	1,307	3.20
Former Tenants	342	0.83	329	0.80
<b>Overall</b>	<b>1,384</b>	<b>3.36</b>	<b>1,636</b>	<b>4.00</b>
<b>Total Rents due in Year</b>	<b>41,232</b>		<b>40,890</b>	

	2014/15 £000	2013/14 £000
<b>Doubtful Debt provision</b>		
Opening Balance	417	357
Write-offs in Year	(247)	(119)
Additional Provision	302	179
<b>Closing Balance</b>	<b>472</b>	<b>417</b>

Movement in the Allowance of Bad Debts shown the HRA I&E on page 83 includes an additional £56,000 for rechargeable repairs not shown above.

### H2.9 Capital Commitments

<u>Description</u>	<u>Contractor</u>	2014/15 £000	2013/14 £000
Barton New Build Phase 1	Hills	11,328	-
Affordable Housing Programme	Leadbitter Group/EC Harris	2,433	13,812
Tower Blocks	EC Harris	134	391
External Adaptions	Fairfax Avenue	48	110
Roofing	GSR Contracting	-	150
Communal Areas	DS and Pyrotec	-	60
<b>Total HRA Capital Commitments</b>		<b>13,943</b>	<b>14,523</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 2014/15 £000	Council Tax 2014/15 £000	Total 2014/15 £000	Business Rates 2013/14 £000	Council Tax 2013/14 £000	Total 2013/14 £000
<b>Income</b>						
Council Tax Receivable	-	(71,329)	(71,329)	-	(68,924)	(68,924)
Business Rate Receivable	(83,805)	-	(83,805)	(84,469)	-	(84,469)
<b>Sub Total</b>	<b>(83,805)</b>	<b>(71,329)</b>	<b>(155,134)</b>	<b>(84,469)</b>	<b>(68,924)</b>	<b>(153,393)</b>
<b>Expenditure</b>						
Central Government share of PY Deficit/(Surplus)	(708)	-	(708)	-	-	-
Oxford City share of PY Deficit/(Surplus)	(567)	205	(362)	-	74	74
Oxfordshire County share of PY Deficit/(Surplus)	(142)	895	753	-	320	320
Police & Crime Commissioner share of PY Deficit/(Surplus)	-	119	119	-	42	42
<b>Sub Total</b>	<b>(1,417)</b>	<b>1,219</b>	<b>(198)</b>	<b>-</b>	<b>436</b>	<b>436</b>
Central Government Share	42,023	-	42,023	40,379	-	40,379
Oxford City Share	33,619	11,582	45,201	32,303	11,228	43,531
Oxfordshire County Precept Share	8,405	50,454	58,859	8,076	48,923	56,999
Police & Crime Commissioner share of PY Precepts Share	-	6,702	6,702	-	6,498	6,498
<b>Sub Total</b>	<b>84,047</b>	<b>68,738</b>	<b>152,785</b>	<b>80,758</b>	<b>66,649</b>	<b>147,407</b>
<b>Charges</b>						
Write Offs	834	1,472	2,306	231	192	424
(Increase)/Decrease in Bad Debt Provision	(635)	(604)	(1,239)	91	785	875
(Increase)/Decrease in Provision for Appeals	9,763	-	9,763	4,354	-	4,354
Cost of Collection	217	-	217	220	-	220
Disregarded amounts	-	-	-	314	-	314
<b>Sub Total</b>	<b>10,179</b>	<b>868</b>	<b>11,047</b>	<b>5,210</b>	<b>977</b>	<b>6,187</b>
<b>(Surplus)/Deficit arising during year</b>	<b>9,004</b>	<b>(504)</b>	<b>8,500</b>	<b>1,499</b>	<b>(862)</b>	<b>637</b>
<b>(Surplus)/Deficit brought forward 1st April</b>	<b>1,499</b>	<b>(1,387)</b>	<b>112</b>	<b>-</b>	<b>(525)</b>	<b>(525)</b>
<b>(Surplus)/Deficit Carry forward</b>	<b>10,503</b>	<b>(1,891)</b>	<b>8,612</b>	<b>1,499</b>	<b>(1,387)</b>	<b>112</b>

## COLLECTION FUND

### CF1. Non-Domestic Rates

Under the arrangements for Business Rates, the Council collects Non-Domestic Rates for its area, based on local rateable values, multiplied by a uniform business rate. From April 2013 the Business Rates Retention Scheme has replaced the former scheme. The element of rates the Council were allowed to retain for 2014/15 was assessed at £5.575 million. The Council were required to pay to Central Government both the Central Share of £42.023 million plus the calculated tariff of £26.965 million. In addition we were required to pay £8.405 million to Oxfordshire County Council.

The local rateable value (2010 Rating List) as at 31 March 2015 was £229.6 million (£230.9 million at 31 March 2014). The multiplier for 2014/15 was set at 48.2 pence in the pound (47.1 pence for 2013/14).

### 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 2014/15 Council Tax including precepts was set at £277.40 for a Band D property (2013/14 £271.93)

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	2,360	1,073	6/9	715
B	9,112	4,877	7/9	3,794
C	18,800	13,219	8/9	11,750
D	15,686	11,812	9/9	11,812
E	6,816	5,102	11/9	6,236
F	2,786	2,352	13/09	3,397
G	3,187	2,785	15/9	4,641
H	575	349	18/9	699
	<b>59,322</b>	<b>41,569</b>		<b>43,044</b>
<b>Crown Properties</b>				0
<b>Allowance of 3% for non-collection</b>				(1,291)
<b>Total</b>				<b>41,753</b>

## GROUP ACCOUNTS BARTON OXFORD LLP

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

The Barton Oxford LLP was established on 23 September 2011. The Council entered into a partnership with Grosvenor Developments Limited to form the Barton Oxford LLP, a joint venture vehicle to develop social and affordable housing on land owned by the Council at Barton. The Council has a 50% interest in the company and shares profits and losses.

The Council transferred land to the LLP on 31 October 2011. It is estimated that the value will be repaid with interest by January 2019. As at 31 March 2015 land had not been sufficiently developed to be purchased and sold to developers, therefore turnover was nil. 50% of the net liabilities of £12,000 have been incorporated in to the Council's Group Accounts.

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

The Barton Oxford LLP has been established with Joint control and total expenditure up to 31 March 2015 was £9.057 million. Therefore a material organisation has been created and Group Accounts are required.

A new accounting requirement: "Accounting for Joint Boards IFRS 11" has changed the Statement of Accounts presentation requirements from the Proportionate basis to the Equity method, and this means that a disclosure note is provided showing Oxford City Council's share of the net assets and liabilities as at 31 March 2015. The Council's accounts show the long term investment in the Balance Sheet, and profits and losses in the Council's Comprehensive Income and Expenditure.

Restatement of prior year Group Accounts has been necessary to show the effect of the change in accounting policy to Equity Accounting.

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

The first parcel of land will be disposed of during 2015/16, with further disposals in 2017, 2018 and 2019. Costs attributable to the disposals will run on beyond 2019, and profit distribution happens after all costs have been accounted for in the LLP. The current expectation is that profit will be distributed by the LLP in 2022, at which point the Council will receive its 50% share of the profit.

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

The Group Accounts consist of the following:

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

**GROUP ACCOUNTS: MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED  
31 MARCH 2015**

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

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

	Total Authority Reserves	Group Movements	Authorities share of Reserves Joint Venture Barton Oxford LLP
	£000	£000	£000
<b>Movement in Reserves during 2013/14</b>			
Surplus/(Deficit) on the Provision of Services	57,035	(2)	57,033
Other Comprehensive Income and Expenditure	(2,248)	-	(2,248)
<b>Total Comprehensive Income and Expenditure</b>	<b>54,786</b>	<b>(2)</b>	<b>54,784</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	16	-	16
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>54,804</b>	<b>(2)</b>	<b>54,802</b>
Transfers (to)/from Earmarked Reserves	-	-	-
<b>Increase/(Decrease) in 2013/14</b>	<b>54,804</b>	<b>(2)</b>	<b>54,802</b>
<b>Balance at 31st March 2014 carried forward</b>	<b>494,238</b>	<b>(8)</b>	<b>494,230</b>
<b>Movement in Reserves during 2014/15</b>			
Surplus/(Deficit) on the Provision of Services	45,860	(4)	45,856
Other Comprehensive Income and Expenditure	38,664	-	38,664
<b>Total Comprehensive Income and Expenditure</b>	<b>84,524</b>	<b>(4)</b>	<b>84,520</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	0	-	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>84,524</b>	<b>(4)</b>	<b>84,520</b>
Transfers (to)/from Earmarked Reserves	-	-	-
<b>Increase/(Decrease) in 2014/15</b>	<b>84,524</b>	<b>(4)</b>	<b>84,520</b>
<b>Balance at 31st March 2015 carried forward</b>	<b>578,762</b>	<b>(12)</b>	<b>578,750</b>

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 92).

**GROUP ACCOUNTS: COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

	2014/15 Oxford City Council			2014/15 Group CI&E			2013/14	
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Net Expenditure £000	Net Expenditure £000
Central Services to the Public	3,953	(1,989)	1,964	-	3,953	1,964	2,325	
Cultural Services	15,770	(4,117)	11,653	-	15,770	(4,117)	8,373	
Environment and Regulatory Services	18,129	(6,436)	11,693	-	18,129	(6,436)	12,294	
Planning Services	8,781	(2,995)	5,786	-	8,781	(2,995)	3,991	
Highways and Transport Services	13,705	(12,302)	1,403	-	13,705	(12,302)	(179)	
Local Authority Housing (HRA)	32,333	(43,203)	(10,870)	-	32,333	(43,203)	(59,190)	
Other Housing Services	75,587	(72,438)	3,149	4	75,591	(72,438)	3,876	
Corporate and Democratic Core	3,544	(88)	3,456	-	3,544	(88)	3,643	
Non Distributed Costs	1,440	(1,569)	(129)	-	1,440	(1,569)	32	
<b>Cost of Services</b>			<b>28,105</b>			<b>28,108</b>	<b>(24,836)</b>	
Other Operating Expenditure			(43,784)			(43,784)	(2,400)	
Financing and Investment Income and Expenditure			(682)			(682)	(429)	
Taxation and Non-Specific Grant Income			(29,499)			(29,499)	(29,368)	
<b>(Surplus)/Deficit on Provision of Services</b>			<b>(45,860)</b>			<b>(45,856)</b>	<b>(57,033)</b>	
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(71,872)			(71,872)	(11,178)	
Actuarial (Gains)/Losses on Pension Assets and Liabilities			33,208			33,208	13,426	
<b>Other Comprehensive Income and Expenditure</b>			<b>(38,664)</b>			<b>(38,664)</b>	<b>2,248</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>(84,524)</b>			<b>(84,520)</b>	<b>(54,785)</b>	

**GROUP ACCOUNTS: BALANCE SHEET AS AT 31 MARCH 2015**

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'.

	<b>Oxford City Council 2014/15 £000</b>	<b>Group 2014/15 £000</b>	<b>Group Movement 2014/15 £000</b>	<b>Group Restated 2013/14 £000</b>	<b>Group 2013/14 £000</b>
Property, Plant & Equipment	718,366	718,366	-	632,022	634,007
Heritage assets	2,496	2,496	-	2,496	2,496
Investment Properties	100,871	100,871	-	101,359	101,359
Intangible Assets	1,030	1,030	-	1,107	1,107
Long Term Investments	9,894	9,882	(12)	2,886	2,894
Long Term Debtors	67,093	67,093	-	17,098	17,099
<b>Long Term Assets</b>	<b>899,750</b>	<b>899,738</b>	<b>(12)</b>	<b>756,968</b>	<b>758,962</b>
Short Term Investments	35,586	35,586	-	47,780	47,780
Assets Held for Sale	1,351	1,351	-	1,489	1,489
Inventories	773	773	-	775	775
Short Term Debtors	27,585	27,585	-	15,136	15,153
Cash and Cash Equivalents	6,712	6,712	-	10,171	10,355
<b>Current Assets</b>	<b>72,007</b>	<b>72,007</b>	-	<b>75,351</b>	<b>75,551</b>
Short Term Borrowing	(895)	(895)	-	(730)	(730)
Short Term Creditors	(36,441)	(36,441)	-	(21,189)	(23,383)
<b>Current Liabilities</b>	<b>(37,336)</b>	<b>(37,336)</b>	-	<b>(21,919)</b>	<b>(24,113)</b>
Long Term Creditors	(114)	(114)	-	(70)	(70)
Provisions	(7,902)	(7,902)	-	(3,942)	(3,942)
Long Term Borrowing	(198,534)	(198,534)	-	(199,710)	(199,710)
Other Long Term Liabilities	(145,607)	(145,607)	-	(107,753)	(107,753)
Capital Grants Receipts in Advance	(3,502)	(3,502)	-	(4,696)	(4,696)
<b>Long Term Liabilities</b>	<b>(355,659)</b>	<b>(355,658)</b>	-	<b>(316,171)</b>	<b>(316,171)</b>
<b>Net Assets</b>	<b>578,762</b>	<b>578,750</b>	<b>(12)</b>	<b>494,230</b>	<b>494,230</b>
Usable Reserves	(59,218)	(59,206)	12	(68,468)	(68,468)
Unusable Reserves	(519,544)	(519,544)	-	(425,762)	(425,762)
<b>Total Reserves</b>	<b>(578,762)</b>	<b>(578,750)</b>	<b>12</b>	<b>(494,230)</b>	<b>(494,230)</b>



## GROUP ACCOUNTS: NOTES

### **Basis of Accounting**

Oxford City Council Statement of Accounts are prepared on an IFRS basis which include revaluation of assets when and where appropriate. The Group Accounts of Oxford City Council incorporate the financial statements of the Barton Oxford LLP. Oxford City Council are joint members of the LLP with Grosvenor Development Limited.

The Barton Oxford LLP financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law, accounting standards and the Limited Liability Partnerships Statement of Recommended Practice. 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.

Accounting Policies of Oxford City Council and the LLP have been considered to ensure the underlying accounting standards are compatible for the Group. In all respects the standards are compatible for 2014/15, cash and cash equivalents, debtors and creditors 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 2014/15 the accounting policies are materially aligned.

### **Method of Consolidation**

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

Oxford City Council has provided land with an initial transfer value of £850,000 to the LLP. Interest on the transfer value is payable at a fixed rate of 5% compounded monthly until repayment. The loan and interest is due to be repaid in January 2019, on completion of the development. The loan and interest amounted to £1,007,980 as at 31 March 2015 (£958,919 as at 31 March 2014) these sums are included in the Council's Balance Sheet as a debtor and deferred capital receipt.

## GROUP ACCOUNTS: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

The Cash flow statement of the Group under the Equity method of consolidation does not include the cash flows of the Oxford Barton LLP, but is restricted to recording the book movement of gains and losses. The Cash Flow Statement shows the changes in the Cash and Cash Equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

	Oxford City Council 2014/15 £000	Group 2014/15 £000	Group Restated 2013/14 £000	Group 2013/14 £000
Net (Surplus)/Deficit on the Provision of Services	(45,860)	(45,860)	(57,035)	(57,035)
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	10,707	10,707	28,632	26,461
<b>Net Cash Flows from Operating Activities</b>	<b>(35,153)</b>	<b>(35,153)</b>	<b>(28,404)</b>	<b>(30,573)</b>
Investing Activities	38,124	38,124	26,101	28,086
Financing Activities	490	490	1,472	1,472
<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>3,461</b>	<b>3,461</b>	<b>(831)</b>	<b>(1,015)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period	(10,173)	(10,173)	(9,342)	(9,342)
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>(6,712)</b>	<b>(6,712)</b>	<b>(10,172)</b>	<b>(10,356)</b>

### Note 24 - Cash Flow Statement Operating Activities (Interest)

	Oxford City Council 2014/15 £000	Group 2014/15 £000	Group Restated 2013/14 £000	Group 2013/14 £000
<b>Operating activities within the Cashflow Statement include the following cashflows relating to Interest</b>				
Cash Interest Received	772	772	438	438
Cash Interest Paid	(6,678)	(6,678)	(7,079)	(7,079)
<b>Total</b>	<b>(5,906)</b>	<b>(5,906)</b>	<b>(6,641)</b>	<b>(6,641)</b>

### Note 25 - Investing Activities

	Oxford City Council 2014/15 £000	Group 2014/15 £000	Group Restated 2013/14 £000	Group 2013/14 £000
<b>Investing Activities</b>				
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	48,712	48,712	22,003	23,988
Purchase of Short-Term and Long-Term Investments	(191)	(191)	17,774	17,774
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(6,758)	(6,758)	(10,688)	(10,688)
Other Capital Cash Receipts in Advance	(3,639)	(3,639)	(2,988)	(2,988)
<b>Total Cash Flows from Investing Activities</b>	<b>38,124</b>	<b>38,124</b>	<b>26,101</b>	<b>28,086</b>

**GROUP ACCOUNTS: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

**Note 26 - Financing Activities**

**Financing Activities**

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

**Total Cash Flows from Financing Activities**

Oxford City Council 2014/15 £000	Group 2014/15 £000	Group Restated 2013/14 £000	Group 2013/14 £000
718	718	1,628	1,628
(248)	(248)	(248)	(248)
20	20	92	92
<b>490</b>	<b>490</b>	<b>1,472</b>	<b>1,472</b>

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

**Cash and Cash Equivalents**

Cash Investments - regarded as Cash Equivalents  
 Bank Overdraft

**Total Cash and Cash Equivalents**

Oxford City Council 2014/15 £000	Group 2014/15 £000	Group Restated 2013/14 £000	Group 2013/14 £000
5,890	5,890	14,353	14,537
822	822	(4,180)	(4,180)
<b>6,712</b>	<b>6,712</b>	<b>10,173</b>	<b>10,357</b>

## GROUP ACCOUNTS: NOTES

### Turnover LLP

The principal activity of the Barton Oxford LLP during the year was property development with a view to sale on completion. However no sales have taken place up to the 31 March 2015. The LLP had no turnover during the current or preceding year. The operating loss is stated after charging the Auditors remuneration.

The following table shows the Council's share of the Barton Oxford LLP net assets, and the £12,000 is shown in the Group Balance Sheet on page 94.

Balance Sheet	Barton LLP 2014/15 £000	Oxford City Share (50%) 2014/15 £000	Barton LLP 2013/14 £000	Oxford City Share (50%) 2013/14 £000
<b>Property</b>				
Development Property	3,920	1,960	2,579	1,290
Movements	4,129	2,065	1,390	695
	<b>8,049</b>	<b>4,025</b>	<b>3,969</b>	<b>1,985</b>
<b>Current Assets</b>				
Other Debtors	350	175	30	15
Trade Debtors	4	2	4	2
Cash and Cash Equivalents	506	253	368	184
	<b>860</b>	<b>430</b>	<b>402</b>	<b>201</b>
<b>Total Assets</b>	<b>8,909</b>	<b>4,455</b>	<b>4,371</b>	<b>2,186</b>
Trade Creditors	(6)	(3)	(22)	(11)
Outstanding Loans	(8,696)	(4,348)	(4,096)	(2,048)
Debts due to Members	(4)	(2)	(4)	(2)
Accruals and Deferred Income	(228)	(114)	(267)	(133)
<b>Total Creditors</b>	<b>(8,934)</b>	<b>(4,467)</b>	<b>(4,389)</b>	<b>(2,194)</b>
<b>Net assets/(liabilities)</b>	<b>(25)</b>	<b>(12)</b>	<b>(18)</b>	<b>(8)</b>

# **ACCOUNTING POLICIES**

## ACCOUNTING POLICIES

### AP. Accounting Policies

#### AP.1 General Principles

The Statement of Accounts summarises the Council's financial transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, and this requires the preparation to be in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Accounting Code of Practice 2014/15, 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.

#### AP.2 Accruals of Income and Expenditure

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

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

Exceptions to this principle are:

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

## ACCOUNTING POLICIES

### AP.3 Cash and Cash Equivalents

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

### AP.4 Prior Period Adjustments, Changes in Accounting Policies and Material Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### AP.5 Exceptional Items

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

### AP.6 Charges to Revenue and Non-Current Assets

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

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

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

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

### AP.7 Employee Benefits

#### Benefits Payable during Employment

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

## ACCOUNTING POLICIES

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

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

### Termination Benefits

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

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

### Post-employment Benefits

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

### The Local Government Pension Scheme

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

- the liabilities of the Oxfordshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to-date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- the liabilities are discounted to their value at current prices, using a discount rate of 3.3%. The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA rated corporate bond yield curve
- the assets of Oxfordshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – margin above yield.

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

### **Discretionary Benefits**

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

### **AP.8 Financial Instruments and Financial Assets**

#### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effected rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

## ACCOUNTING POLICIES

### Financial Assets

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

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

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

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

### AP.9 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify the way in which the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are to be consumed by the recipient, or the future economic benefits or service potential must be returned to the transferor.

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

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

## ACCOUNTING POLICIES

### **AP.10 Community Infrastructure Levy**

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport and flood defences) to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure. CIL recognised in Comprehensive Income and Expenditure Statement will be earmarked where appropriate through the MIRS.

### **AP.11 Housing Levy**

The Council has adopted a policy of making a levy on each square foot of housing development. The levy is regarded as a capital receipt. The funds received will be recorded as income in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Account, but then transferred to usable capital receipts through the Movement In Reserves Statement (MIRS) to be retained to assist social housing development.

### **AP.12 Heritage Assets**

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

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

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

### **Measurement Rules in relation to other Heritage assets**

The Council's Heritage Assets can be categorised as follows:

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

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

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

- Memorials gardens and City Walls

## ACCOUNTING POLICIES

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

- Heritage Non Operational Property

The Council has identified the Plain Fountain which is a significant Asset in terms of its cultural and heritage presence. The Asset is included in the Balance Sheet at it Depreciated replacement Cost. The value will be reviewed every five years to ensure any potential material changes can be reflected. The asset has an indeterminate life in excess of 80 years and therefore will not be depreciated.

- Oxford City First Registration number plate

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

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

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment - see note AP.18. The Council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with the statutory accounting requirements relating to capital expenditure and capital receipts where any receipt is greater than £10,000.

### **AP.13 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 Councils 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

## ACCOUNTING POLICIES

Asset is amortised over the asset's useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an Intangible Asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Where expenditure on Intangible Assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of General Fund Balance in the Movement of Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **AP.14 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.

Group accounts are prepared to incorporate the Barton Oxford LLP. The method adopted in the financial statements is to provide separate Core Financial statements consolidated on a net equity basis. The equity accounting method is a requirement of IFRS 11 and is introduced in 2014/15 to replace the proportionate basis of consolidation previously employed by the Council.

This change in accounting policy requires a third balance sheet to be presented in the group section of the Council's statement of accounts.

### **AP.15 Inventories and Long Term Contracts**

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

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

### **AP.16 Investment Property**

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

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

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

## 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).

### **AP.17 Leases**

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

Each lease is assessed by reference to a number of primary indicators which collectively or individually to provide evidence of a Finance Lease:

Arrangements that do not have a legal status of a lease but convey a right to use an asset in return for payments are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### **a) The Authority as Lessee**

##### **Finance Leases**

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

Lease payments are apportioned between:

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

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

## ACCOUNTING POLICIES

### Operating Leases

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

### b) The Authority as Lessor

#### Finance Leases

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

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

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

### Operating Leases

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

### AP.18 Overheads and Support Services

The cost of Overheads and Support Services are charged to those that benefit from the supply of services based on use and in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) Service Reporting Accounting Code of Practice 2014/15 (SeRCOP).

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

## ACCOUNTING POLICIES

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

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

### **AP.19 Property, Plant and Equipment**

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

#### **Recognition**

Expenditure on the acquisition, creation and replacement of components is capitalised on an accruals basis. The cost of components replaced are added to the asset carrying value, and an assessment of the carrying value of the component replaced is made, and then derecognised. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred

#### **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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



## ACCOUNTING POLICIES

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

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

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

### Impairment

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

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

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

## ACCOUNTING POLICIES

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

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

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

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

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

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

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

### **Disposals**

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

## ACCOUNTING POLICIES

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.

### **AP.20 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 principle), the Council makes provisions for ratepayer appeals against the rateable value of business properties in accordance with the CIPFA Code of Practice on Local Authority Accounting. The amount recognised as a provision is the best estimate at the Balance Sheet date of the expenditure required to settle the present obligation, taking account of the risks and uncertainties that surround many events and circumstances.

#### **Contingent Liabilities**

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

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

#### **Contingent Assets**

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

## ACCOUNTING POLICIES

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.

### **AP.21 Reserves**

#### **Useable Reserves**

A reserve is money that we have set aside to cover expenditure that we will incur in a future period, and this can be created from excess income over expenditure resulting in a balance on the General Fund or Housing Revenue Account. Reserves are created by appropriating amounts from the General Fund or Housing Revenue Account Balance through the Movement in Reserves Statement, and are held voluntarily to meet future activity costs. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate Service Revenue Account in that year to count against the Net cost of Services in the Income and Expenditure Account. The Reserve is then appropriated back to the General Fund balance so that there is no net charge against Council Tax for the expenditure.

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

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

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

#### **Unusable Reserves**

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

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

### **AP.22 Revenue Expenditure Funded from Capital under Statute**

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

### **AP.23 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.

## ACCOUNTING POLICIES

### **AP.24 Carbon Reduction Commitment Allowances**

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

### **AP.25 Fair Value Measurement**

These statements of account for 2014/15 do not include the measurement and the disclosure requirements of IFRS 13 Fair Value Measurement because the adoption is deferred until 1 April 2015.

### **AP.26 Principal and Agent Accounting Policy**

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

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

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

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# **GLOSSARY OF TERMS AND ABBREVIATIONS**

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **ACE**

Arts Council England

### **Accounting Period**

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

### **Accruals**

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payment has not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

### **Amortisation**

The term used to refer to the charging of the value of a transaction or asset (usually related to intangible fixed 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 Held for Sale**

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

### **Beacon Dwelling**

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

### **Billing Authority**

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

### **Capital Expenditure**

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

### **Capital Adjustment Account**

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

### **Capital Receipts**

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

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

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

### **CO**

Cabinet Office



## GLOSSARY OF TERMS AND ABBREVIATIONS

### **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.

### **DCLG**

Department for Communities and Local Government

### **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.

### **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

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **DWP**

Department of Work and Pensions

### **Earmarked Reserves**

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

### **Finance Lease**

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

### **Fixed Assets - Tangible**

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

### **Fixed Assets – Intangible**

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

### **GAAP**

Generally Accepted Accounting Practice

### **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.

### **Housing Subsidy**

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

### **HIA**

Homes Improvement Agency

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

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

### **Impairment**

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

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Infrastructure Assets**

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

### **Investment Property**

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

### **Joint Venture**

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

### **LGA**

Local Government Association

### **Long Term Debtors**

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

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

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

### **Non operational Assets**

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

### **Operational Asset**

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

### **Operating Lease**

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

### **Pension Fund**

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

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

Pooling is the term given to the requirement to pay Central Government a proportion of certain types of capital receipt. From 1 April 2004 Housing capital receipts have been subject to pooling at a rate of 75% for Right To Buy (RTB) dwellings and 50% for other Housing land and assets, net of statutory deductions and allowances. Furthermore, the Council in June 2012, entered into an agreement with the Secretary of State to exclude "additional" RTB capital receipts from the pooling mechanism as long as the Council recycled the retained resources into the provision of replacement social housing properties (1-4-1) within 3 years and in accordance with an agreed funding formula.

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Precept**

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

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

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

### **Provisions**

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

### **PWLB**

Public Works Load Board - part of Central Government from which 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.

### **Revenue Support Grant**

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

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

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

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

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

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

### **Surplus Asset**

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

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# **INDEX OF NOTES TO THE ACCOUNTS**

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## INDEX OF NOTES TO THE ACCOUNTS

<b>Note:</b>	<b>Page:</b>
Accounting Policies	100-114
Assets Held For Sale	52
Balance Sheet	25
Capital Commitments	46 & 88
Capital Expenditure	66
Capital Receipts	55 & 66
Cash and Cash Equivalents	51
Cash Flow	26
Collection Fund	89-90
Council Tax	43 & 89-90
Creditors	52
Debtors	51
Earmarked Reserves	41
Exit Payments	69-70
Finance Leases	66 & 68
Financial Instruments	50 & 73-77
Fixed Assets - Investment Properties	48-49
Fixed Assets - Heritage Assets	47 & 78-79
Fixed Assets - Property, Plant & Equipment	44-46
Grants	62-64
Group Account - Balance Sheet	94
Group Account - Cash Flow	96-97
Group Account - Comprehensive Income and Expenditure	93
Group Account - Movement in Reserves Statement	92
Heritage Assets	47 & 78-79
Housing Revenue Account	83-88



## INDEX OF NOTES TO THE ACCOUNTS

Impairments	44-46 & 69
Intangible Assets	49
Inventories	50
Investment Properties	48-49
Leases	66-69
Members Allowances	60-61
National Non Domestic Rates	43 & 89-90
Operating Leases	67-68 & 69
Pensions	70-73
Provisions	52-53
Revenue Expenditure Funded from Capital under Statue (Refcus)	66
Revaluation	46-47
Segment Report	58
Stock	50
Termination Costs	69
Trading	60

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**INDEPENDENT AUDITORS REPORT  
AND CERTIFICATE**

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

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

We have audited the financial statements of Oxford City Council for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The Oxford City Council financial statements comprise the Oxford City Council and Group Movement in Reserves Statement, the Oxford City Council and Group Comprehensive Income and Expenditure Statement, the Oxford City Council and Group Balance Sheet, the Oxford City Council and Group Cash Flow Statement and the related notes 1 to 43, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and related notes H1.1, H1.2, H2.1-H2.9, Collection Fund and related notes CF1 and CF2, the Group Notes and Accounting Policies AP.1 to AP.26.

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 2014/15.

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

### **Respective responsibilities of the Head of Financial Services and auditor**

As explained more fully in the Statement of the Head of Financial Services Responsibilities set out on page 6, the Head of Financial Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Oxford City Council and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Financial Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Oxford City Council as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 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 2014/15.

### Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2014/15 for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

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

#### Respective responsibilities of the Authority and auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

## INDEPENDENT AUDITORS REPORT AND CERTIFICATE

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under its Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, 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 2015.

### **Certificate**

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

*Mick West*  
*for and on behalf of Ernst & Young LLP, Appointed Auditor*  
*Luton*

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# Statement of Accounts 2014–2015

