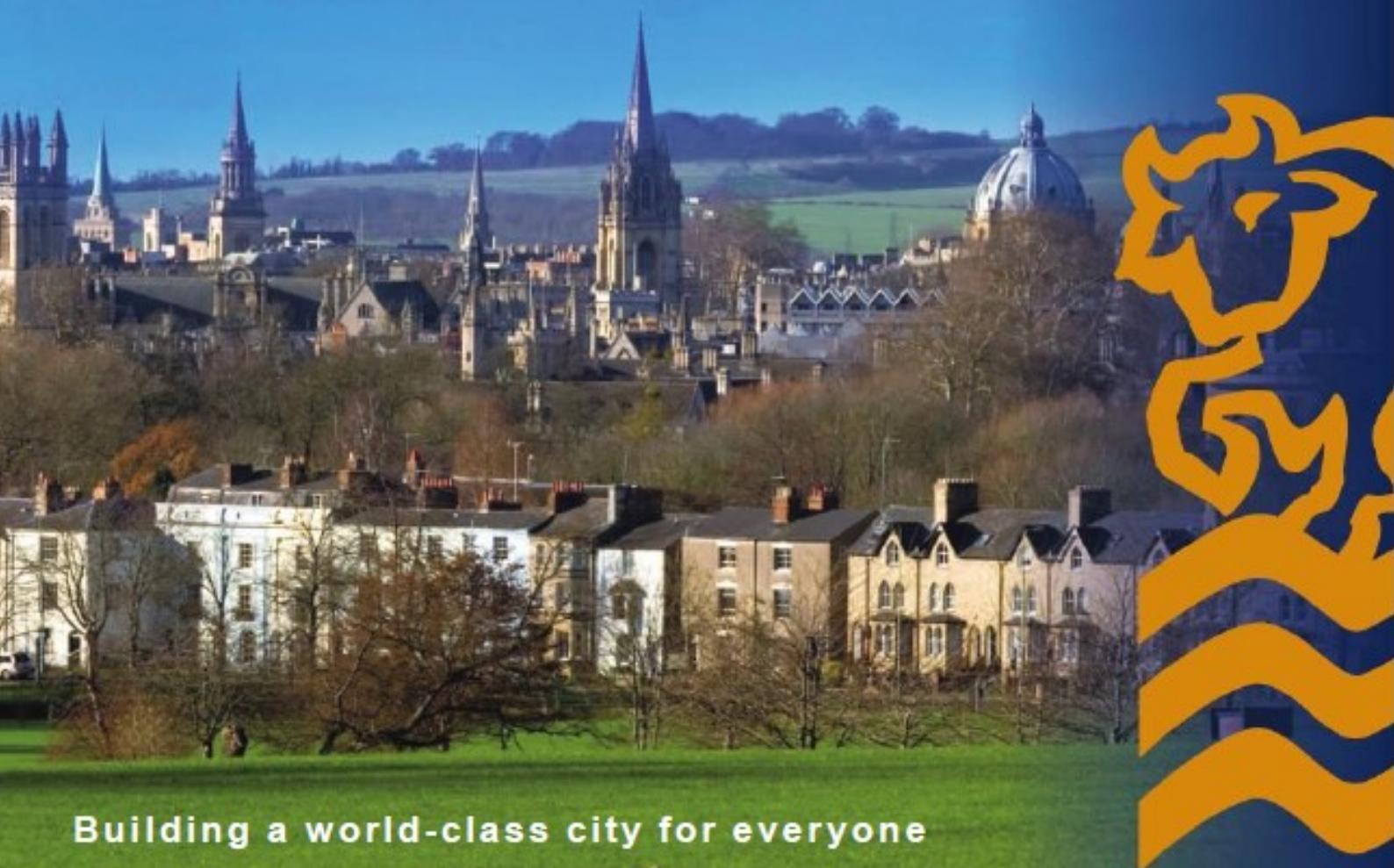


# Statement of Accounts



2021-2022



Building a world-class city for everyone

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# **FOREWORD**

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## INTRODUCTION

Welcome to Oxford City Council's Statement of Accounts for the year ending 31 March 2022.

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

The Statement provides, in accordance with International Financial Reporting Standards (IFRS), the accounts for the General Fund, Housing Revenue Account, Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of its Assets and Liabilities as at 31 March 2022. Other supporting statements are provided to help explain the figures in the accounts. In addition, a glossary can be found on [pages 149 to 155](#) to help explain some of the technical terms.

On [pages 99 to 126](#) the main Accounting Statements are replicated to incorporate the Group Accounts of the Council. These Group Accounts reflect the Council's financial position inclusive of its 50% share in Barton Oxford LLP, the Council's Joint Venture with Grosvenor Developments Limited; its 50% share in Oxwed LLP, the Council's joint venture with Nuffield College Developments 1 Limited, a wholly owned subsidiary of Nuffield College, its 100% share of Oxford City Housing Limited (OCHL), its 100% share in Oxford Direct Services Limited (ODSL); and its 100% share in Oxford Direct Services Trading Limited (ODST).

The Accounts and all relevant documents are subject to review by the Council's External Auditors, Ernst & Young, who will provide their opinion on the Council's Accounts. Ernst & Young LLP gave an unqualified opinion on the Statement of Accounts presented for 2020/21.

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

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

Nigel Kennedy  
Head of Financial Services (Section 151 Officer)

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

## STATEMENT OF RESPONSIBILITIES

### The Council's Responsibilities

The Council is required to:

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

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

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

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

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

The Statement of Accounts as set out on pages 23 to 148 presents a true and fair view of the financial position of Oxford City Council as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

The unaudited Accounts were issued on XXX and the audited accounts have been authorised for issue on XXX.

Signed	_____	Date	XXX
	Nigel Kennedy		_____
	Head of Financial Services (Section 151 Officer)		

Signed	_____	Date	XXX
	Councillor		_____
	Chair of Audit & Governance Committee		



## NARRATIVE REPORT

### Purpose of the Narrative Report

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

### 1. The Statement of Accounts

The Statement of Accounts consists of the following:

- The Statement of Responsibilities, setting out the general responsibilities of both the City Council, and the Section 151 Officer (The Head of Financial Services). The Head of Financial Services has to sign a statement that the Accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for that year then ended (page 6 and page 26).
- The Core Financial Statements and the Expenditure and Funding Analysis (pages 21 to 27), the supplementary statements (pages 89 to 98) and group accounts (pages 99 to 126) incorporating:
  - a. A Movement in Reserves Statement (MIRS) - a statement used to adjust International Financial Reporting Standard accounting practice to Local Government proper practice to ensure the accounting changes do not impact on Council Tax and create any additional burden to the tax payer.
  - b. The Comprehensive Income and Expenditure Statement - a statement which incorporates all revenue income and expenditure relating to the year.
  - c. Expenditure and Funding Analysis - a statement that supports and provides more information on the Comprehensive Income and Expenditure Statement.
  - d. A Balance Sheet - which records all the assets and liabilities at the Balance Sheet date of 31 March.
  - e. A Cashflow Statement - a statement that shows the inflows and outflows of cash during the year reconciled to the year end cash position.
  - f. The Housing Revenue Account - a statement which brings together all transactions during the year in relation to the management and maintenance of the Council's 7,682 dwelling stock.
  - g. Collection Fund - a statement which brings together all transactions during the year relating to the collection of Business Rates and Council Tax income together with payments and receipts from Government and payments made to the preceptors; the County Council, Police and Crime Commissioner (Thames Valley) and Parish Councils.
  - h. Group Accounts - statements which reflect the Council's 50% interest with Grosvenor Developments Limited in a joint venture for the construction of dwellings at Barton, a 50% interest with Nuffield College Developments 1 Limited in a joint venture for the regeneration of the West End area of Oxford, (Oxwed LLP) and the Council's wholly owned companies: Housing Company Group, Oxford City Housing Ltd (OCHL), Oxford Direct Services Limited (ODSL) and Oxford Direct Services Trading Limited (ODSTL). The Council's share of the assets and liabilities of these entities are required to be incorporated into the Council's accounts.
- The Statement of Accounting Policies, setting out the detailed rules under which we account for assets, liabilities, income and expenditure (pages 129 to 148).

## NARRATIVE REPORT

### Details Of The Core Financial Statements

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

The MIRS shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) totalling around £105.1 million as at 31 March 2022 and Unusable Reserves which are not 'cash backed' totalling £616.7 million.

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

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

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

This Statement (page 23) shows the net cost in the year of providing services, which is £66.7 million, in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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

A new structure was put in place during the year which served to move service areas between directorates in order to better balance workloads. This has therefore resulted in a restatement of prior year comparatives in the CIES and the EFA

#### **The Balance Sheet**

This statement (page 26) shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council which are £721.8 million net. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The primary reason for the increase in the money the Council owes is due to an increase in the pensions liability which is matched by an increase in the pensions reserve and short term borrowing which was taken out to deal with cash flow issues arising from the Government unexpectedly demanding repayment of some funds held on account.. The Cash Investments, Assets Held For Sale and Stock has increased due primarily to the short term borrowing.

	2021/22 £'000	2020/21 £'000	Variation £'000
Value of Land and Property Owned	1,080,540	1,016,510	64,030
Cash Investments, Assets Held For Sale and Stock	116,272	79,061	37,211
Money the Council Owes	(678,270)	(526,024)	(152,246)
Money the Council is Owed	203,212	197,874	5,338
<b>Net Worth of Council at 31st March</b>	<b>721,754</b>	<b>767,421</b>	<b>(45,667)</b>

Reserves are reported in two categories:

- Usable Reserves - £105.0 million - those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves to meet unforeseen circumstances and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt and the earmarked reserves of £66.7 million which are primarily used to finance the capital programme).

## NARRATIVE REPORT

- Unusable Reserves - £626.7 million - those reserves that the Council is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that reflect timing differences shown in the Movement in Reserves Statement line "Adjustments Between Accounting Basis and Funding Basis Under Regulations".

### Cash Flow Statement

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

The amount of 'Net Cash Flows from Operating Activities' is £93.0 million and is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for the purchase of resources which are intended to contribute to the Council's future service delivery.

The overall increase in Cash and Cash Equivalents between 2020/21 and 2021/22 is approximately £12.6 million due predominantly to a movement of resources between money market funds and short term investments; money market funds are instant access and are classified as a cash equivalent.

### The Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement ([page 91](#)) shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practice, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost.

### The Collection Fund

The Collection Fund ([page 97](#)) is the statement reflecting the Council's statutory obligation as a Billing Authority to maintain a separate Collection Fund. The Statement shows the transactions the Council as a Billing Authority has undertaken in relation to the collection of council tax and business rates and distribution of resources to local authorities and Government.

The Collection Fund Balance at the end of the year was a £22.1 million net deficit. This represents a £20.1 million deficit on Business Rates and a £2.1 million deficit on the Council Tax element respectively. The Council Tax balance is shared between Oxford City Council, Oxfordshire County Council, and the Police and Crime Commissioner (Thames Valley) in proportion to their precept. The Business Rates balance is shared between Central Government, Oxford City Council and Oxfordshire County Council in the percentages 50% / 40% / 10% respectively.

	<b>Business Rates</b>	<b>Council Tax</b>	<b>Total</b>
	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Oxford City Council	8,020	321	8,341
Oxfordshire County Council	2,005	1,533	3,538
Police and Crime Commissioner (Thames Valley)	-	224	224
Central Government	10,025	-	10,025
<b>Total (Surplus)/Deficit c/f</b>	<b>20,050</b>	<b>2,078</b>	<b>22,128</b>

## NARRATIVE REPORT

### 2. General Fund Outturn Position

The Council set a budget for spending on General Fund services of £23.647 million, to be financed by Council Tax of £14.911 million and retained business rates of £8.476 million.

The Council Tax for a Band D property was set at £326.25 (including parish precepts which are precepted on the Council), a 2.0% increase for the City Council Tax on the previous year. The basic amount of Council Tax (excluding the parish elements) was £320.17, a rise of 1.99% on the previous year.

The table below shows the Council's outturn position at service level against the latest budget: a favourable position of £0.041 million against the balanced budget agreed in February 2021. This position is after carry forward of unspent balances of £0.453 million and a transfer from the COVID reserve (net of contingency transfers) of £3.814 million. In summary the position is as follows:

	Net Approved Budget 2021/22 £000	Net Revised Budget 2021/22 £000	Net Expenditure 2021/22 £000	Variance 2021/22 £000
Housing Services	4,558	4,182	3,596	(586)
Regulatory Services & Community Safety	1,359	1,289	1,316	27
Community Services	5,821	5,727	5,168	(559)
<b>Communities &amp; People</b>	<b>11,738</b>	<b>11,198</b>	<b>10,080</b>	<b>(1,118)</b>
Corporate Property	(5,609)	(6,672)	(6,212)	460
Regeneration and Economy	606	1,009	1,010	1
Planning Services	377	261	262	1
<b>Development</b>	<b>(4,626)</b>	<b>(5,402)</b>	<b>(4,940)</b>	<b>462</b>
Corporate Strategy	871	928	763	(165)
Environmental Sustainability	1,047	915	852	(63)
<b>Chief Executive</b>	<b>1,918</b>	<b>1,843</b>	<b>1,615</b>	<b>(228)</b>
Oxford Direct Services Client	11,405	13,963	15,790	1,827
<b>ODS Development Director</b>	<b>11,405</b>	<b>13,963</b>	<b>15,790</b>	<b>1,827</b>
Business Improvement	8,952	8,904	9,237	333
Financial Services	3,020	2,821	3,421	600
Law and Governance	3,387	3,347	3,653	306
<b>Corporate Resources</b>	<b>15,359</b>	<b>15,072</b>	<b>16,311</b>	<b>1,239</b>
<b>Total Service Expenditure</b>	<b>35,794</b>	<b>36,674</b>	<b>38,856</b>	<b>2,182</b>
Corporate Accounts and Contingencies	(12,147)	(14,239)	(15,280)	(1,041)
<b>Net General Fund Expenditure</b>	<b>23,647</b>	<b>22,435</b>	<b>23,576</b>	<b>1,141</b>
<b>Total Funding</b>	<b>23,647</b>	<b>22,435</b>	<b>23,617</b>	<b>1,182</b>
<b>Net (Surplus)/Deficit</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>(41)</b>
<b>Working Balance</b>	<b>(3,622)</b>	<b>(3,622)</b>	<b>(3,622)</b>	<b>-</b>

In a report to Cabinet on 16th March, the forecast outturn as at the 31st December 2021 indicated an adverse variance £0.305 million, although in an internal report at the end of February this was subsequently revised to an adverse variance of £0.338 million. There are a number of variations which have materialised at year end. The main variances making up the overall £41k surplus are as follows:

#### Service Variations

##### Community Services

Underspend on in respect homeless at Canterbury House for which grant funding was received from

## NARRATIVE REPORT

DLUHC - £0.600 million favourable

Town hall facilities – additional income and staffing - £0.300 million favourable

### **Development**

Capitalisation of planned maintenance – year end transaction based on work undertaken - £0.500 million favourable

Asset lease – income capitalisation on commercial deal - £0.900 million adverse

### **Chief Executive**

Staffing underspend in policy - £0.100 million favourable

Unbudgeted costs around Future Oxford Partnership and Cambridgeshire Arc - £0.070 million adverse

### **ODS client**

Car parks increased income and backdated NNDR refund on Oxpens – £0.300 million favourable

Delay on dividend declaration £1.000 million from ODS and abortive depot project costs charged to revenue – (£0.800 million) - £1.800 million adverse

### **Corporate Resources**

Law and governance overspend on salaries from use of agency and locums - £0.200 million adverse

Banking charges – overspend due to non-compliance with non-payment card industry standards - £0.100 million adverse

Procurement and Payments – staffing overspend to deal with increased demand from QL - £0.075 million adverse

Investigations – reduced income from contracts compared to target - £0.050 million adverse

Revenues and Benefits – under recovery of court cost income due to proactive work on arrears recovery - £0.300 million adverse

ICT – Overspend on supplies and services largely around telephone charges - £0.171 million adverse

Transformation Team – Increased staffing and consultancy - £0.182 million adverse

### **Corporate Accounts**

Net cost of Housing Benefit – overspend of £1.070 million; 2.5% on spend of around £39 million. Local authority error accounts for around £0.400 million of this overspend. The remaining balance relates to issues in relation to rent officer referrals on the migration of data from Academy to Civica in respect of homelessness and hostel benefit cases. Talks are ongoing with the DWP and the council's auditors as to whether there are grounds for mitigation

Investment interest – reduced cash balances and interest rates- £0.277 million adverse

Interest payable – original borrowing estimated at round £67 million but significant slippages in loans to Housing Company of £25 million and loans in respect of property regeneration activity which has slipped £20 million – favourable variance £1.803 million.

Minimum Revenue Provision - £0.128 million favourable following slippages in capital borrowing

Interest receivable from HRA reduced cash flow and less loans taken out – adverse £0.461 million

### **Funding**

Additional grants – Homelessness Prevention Grant, Rough Sleeping Initiative Grant and Next Steps Accommodation Programme Grant – transferred in to pay for increased service spend – £1.262 million favourable variance.

### **Company Financial positions**

The Council has five wholly owned companies, Oxford Direct Services Ltd (ODSL), Oxford Direct Services Trading Ltd (ODSTL), Oxford City Housing Development Ltd (OCH(D)L), Oxford City Housing Investment Ltd (OCH(I)L) and Holding Company Oxford City Housing Ltd (OCHL) and a joint venture, Oxwed LLP.

ODSL made a **deficit** and ODSTL made a **surplus** in 2021/22, which was **less than originally budgeted for and led to the companies being unable to pay a dividend to the Council**. Revenue from external organisations in-

## NARRATIVE REPORT

creased by around £0.5 million from £9.8 million in 2020/21 to £10.3 million in 2021/22 and subcontractor costs increased in year by £1.0 million (£4.5 million increase in 2019/20).

OCHL group made an operating loss of £0.439 million for the year 2021/22 (£0.439 million for 2020/21).

OxWED made a loss of £2.331 million due to financing costs in servicing the loans from the shareholders mainly in respect of land assembly. The company is currently working on the approach to bring the site forward for development

### 3. Housing Revenue Account Outturn Position

	Net Approved Budget 2020/21 £000	Net Revised Budget 2020/21 £000	Net Expenditure 2020/21 £000	Variance 2020/21 £000
Dwelling Rent	(43,595)	(42,485)	(42,531)	(46)
Service Charges	(1,987)	(1,987)	(2,071)	(84)
Garage Income	(221)	(221)	(245)	(24)
Miscellaneous Income	(795)	(795)	(720)	75
Right to Buy (RAF)	(52)	(52)	(38)	14
<b>Income</b>	<b>(46,650)</b>	<b>(45,540)</b>	<b>(45,605)</b>	<b>(65)</b>
Management & Services (Stock Related)	10,540	10,431	9,344	(1,087)
Other Revenue Spend (Stock Related)	1,779	1,581	1,085	(496)
Misc Expenditure (Not Stock Related)	954	1,016	1,326	310
Bad Debt Provision	770	751	623	(128)
Responsive and Cyclical Repairs	14,175	14,986	14,986	-
Interest Paid	9,026	7,772	7,638	(134)
Depreciation	9,079	9,079	7,657	(1,422)
<b>Expenditure</b>	<b>46,323</b>	<b>45,616</b>	<b>42,659</b>	<b>(2,957)</b>
<b>Net Operating Expenditure / (Income)</b>	<b>(327)</b>	<b>76</b>	<b>(2,946)</b>	<b>(3,022)</b>
Appropriations	(62)	(1,450)	(1,494)	(44)
<b>Net (surplus)/deficit</b>	<b>(389)</b>	<b>(1,374)</b>	<b>(4,440)</b>	<b>(3,066)</b>
<b>Working Balance</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>-</b>

#### Overview Summary

The HRA achieved a surplus of £4.438 million at the end of March 2022, against the original estimated surplus of £0.388 million i.e. a favourable variance of £4.051 million or £3.065 million after carry forward requests of £0.986 million. The variance is mainly due to a lower than expected depreciation charge, and underspends against the budgets for Supplies & Services and Repairs. Carry forwards of £0.986 million have been requested predominantly in respect of response and cyclical repairs (£0.654 million) and to support temporary staffing increase in 2022-23 £0.332 million, as well as a draw down from Reserves of £0.457 million mainly to mitigate feasibility spend.

#### Income

##### **Dwelling Rent**

A slight increase in rental income £0.046 million (0.1%). The number of actual RTB disposals for the year was 29, 28% below the budgeted position of 40. As a result of being re-let during the year, 121 properties have had their rent increased to formula rent. All of these have contributed to an increase in rental



## NARRATIVE REPORT

income.

### **Service Charges**

The income is higher than budgeted by £0.084 million mainly due to Leaseholder charges of £0.073m for Major Works which was unbudgeted.

### **Garage Income**

Only £0.024 million (1.2%) over budget

### **Miscellaneous Income**

This income line shows an adverse variance of £0.075 million less than budgeted due to a reduction in repairs that are rechargeable to tenants.

## **Expenditure**

### **Management and Services (Stock Related)**

The favourable variance of £1.087 million relates to reduced spend on Supplies & Services and vacant posts, a number of which were new for the year and not recruited to. Significant underspend on court fees (£0.164 million) in the Rent Team, savings on consultant fees in Under Occupation Initiative (£0.125 million), General Expenses & Overheads (£0.364 million) and saving on Salaries (£0.486 million). A carry forward request of £0.332 million has been made to support temporary increases in staffing costs as a result of various backfills / stepping up.

### **Other Revenue Spend**

An underspend of £0.496 million in General Expenses & Overheads related to consultant fees that were not required.

### **Misc Expenditure (Not stock related)**

An overspend of £0.310 million relating to feasibility spend on developments is mitigated by the release of funds from the Feasibility Reserve.

### **Responsive & Cyclical Repairs**

An underspend on repairs from external suppliers of £0.798 million, combined with an overspend from Oxford Direct Services Limited of £0.046 million and Insurance works of £0.098 million leaves a surplus of £0.654m which forms part of the £0.986 million carry forward requested. The Property Services manager will review the work streams/demands, price increases and utilise the carry forward as appropriate.

### **Interest Paid**

The budget was reduced to reflect the lower level of loans taken out during 2021/22, due to the reduced activity during the pandemic last year, and the actual interest charge is still below what was anticipated resulting in a favourable variance of £0.134 million.

### **Depreciation**

The original budget for depreciation was based on the outturn for 2020-21. The outturn depreciation has been revised to take account of updated valuations of the dwellings and work undertaken leading to a favourable variance of £1.422 million. In the HRA, depreciation is then used to finance capital expenditure

## NARRATIVE REPORT

### 4. Capital Outturn Position

The latest revised budget in February 2022 was £105.349 million with a final outturn in March of £78.771 million i.e. 75% spend against latest budget and 42% of the original budget of £185.382 million set in February 2021.

	Latest Budget 2021/22 £'000	Spend to 31 March 2021/22 £'000	Outturn Variance to Latest Budget 2021/22 £'000	Outturn Variance due to Slippage 2021/22 £'000	Outturn Variance due to Over / (Under) spend 2021/22 £'000
General Fund	57,518	34,617	(22,901)	(22,569)	(334)
Housing Revenue Account	47,831	44,154	(3,677)	(3,874)	197
<b>Grand Total</b>	<b>105,349</b>	<b>78,771</b>	<b>(26,578)</b>	<b>(26,443)</b>	<b>(137)</b>

million relating to General Fund projects and the remaining £3.677 million relating to the HRA. Of the outturn variation there is overall £26.443 million slippage some of which will be carried forward and some which will require budget adjustments in next year 2022-23 and an overall underspend of £0.137 million which will be returned to capital resources.

As part of the variance there are notable projects which have overspent compared to budget including:

Museum – The same budget code was used for ceiling works and museum works. Although approvals have previously been obtained for both projects the capital budget was not increased to take account of this and overspend against budget of £0.316 million materialised.

QL Implementation – Members have been advised on a number of occasions about the problems associated with the QL implementation and approval for such overspend has been made through CEO urgency powers.

Planned Maintenance - £0.505 million adverse. Planned maintenance originally budgeted to be charged to revenue, capitalised at year end.

HRA Disabled adaptations - £0.362 million – demand led budget difficult to control

HRA Planned maintenance - Budget spend exceeded on ODS delegated budgets for roofing, electrics, bathrooms and heating systems by approximately £0.856 million. The well documented adverse impact on financial monitoring arising from QL gives rise to these overspends. Budgets in future years will be adjusted to ensure that the overall impact on the HRA Business Plan is mitigated

Social Housing Purchases from OCHL - £1.467 million – Variations in the programme are difficult to manage. The programme will be re-profiled in proceeding years to ensure that the overall HRA business plan is in balance

To offset these overspends there have been a number project underspends totalling around £1.1 million involving projects to be undertaken by Oxford Direct Services Limited in the General Fund (£0.732 million) where the spend is no longer required and expenditure in respect of the Oxpens development to establish a Limited Liability Partnership (LLP) where the amounts needed were uncertain and dependent upon the net worth of the limited company at the time of transfer (£0.370 million)

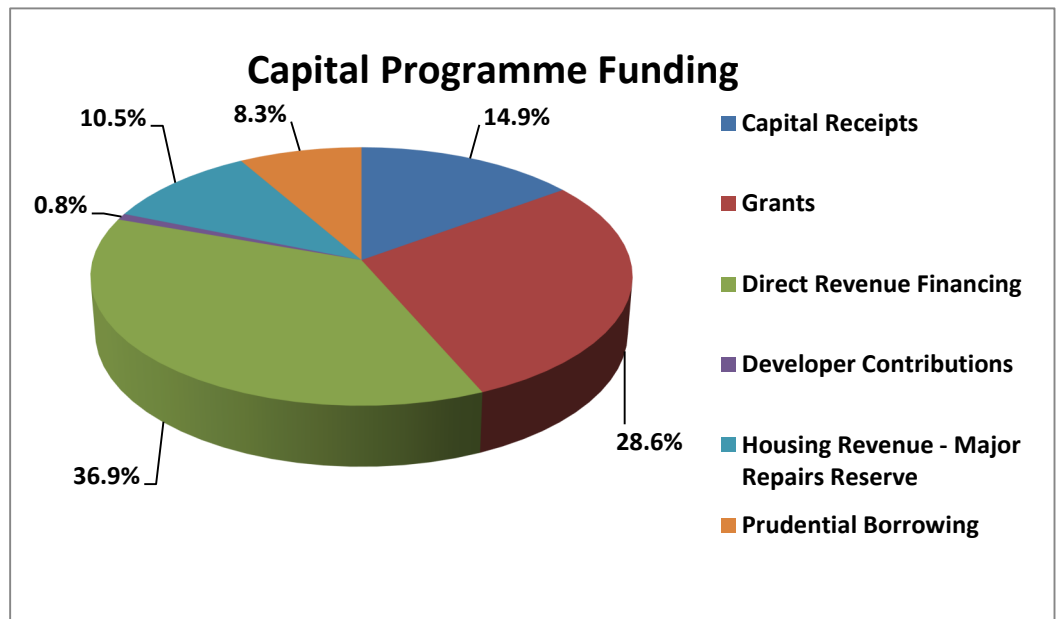


## NARRATIVE REPORT

### Funding the Capital Programme

The General Fund Capital Programme spend totalled £33.865 million and was funded through a combination of Capital Receipts (£8.970 million), Grants (£18.643 million), Developer Contributions (£0.645 million), and borrowing (£5.607 million).

The Housing Capital Programme spend totalled £44.154 million and was funded through a combination of Direct Revenue Finance (£28.798 million), Grants (£3.650 million), Capital Receipts (£2.649 million), Major Repairs Reserve (£8.201 million) and Borrowing (£0.856 million).



### 5. Material Items of Income and Expenditure

The Council's accounting policies are set out on [pages 129 to 148](#) of the Statement of Accounts. These policies are largely unchanged from last year. However, there are some key events that have taken place over the year which have a material impact on the understanding of the Accounts. They are detailed as follows:

- **Pension Fund**

The Council's liability to provide for the cost of past employment benefits to staff has decreased in the year ended 31 March 2022. The liability reported as at 31 March 2021 was £213.89 million. The revised liability as at the 31 March 2022 is £162.24 million. The decrease in liability of £51.65 million is due to a number of factors:

- ♦ An actuarial gain for 2021/22 of £72.31 million is reported on the Comprehensive Income and Expenditure Account, which is subsequently adjusted (in accordance with proper practice) via the Movement in Reserves Statement to ensure it has no General Fund Balance implications. This arises from:
  - ♦ Changes in actuarial assumptions resulting in a gain of £41.02 million;
  - ♦ Changes in demographic assumptions giving a cost of £2.54 million due to a decrease in longevity;
  - ♦ Returns on assets of £29.64 million

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

- **Government Funding**

During 2020/21 and 2021/22 the Government mandated business rate reliefs to be applied to business rate accounts which are supported by section 31 payments. This results in a large deficit on the collection fund to be charged to revenue in future years. The section 31 payments supporting these deficits have been received and the relevant balance relating to future year revenue impacts of £23.895 million has been transferred back from earmarked reserves into the revenue account through the MiRS to match the deficit impact.

### 6. Contingencies and Provisions

As at 31 March 2022 the Council had made provision for £7.536 million of expenditure likely to be incurred sometime in the future. Included in this figure are the following amounts:

- **Rent Deposit Scheme** - £1.593 million - this provision covers deposits paid on behalf of tenants placed in private rented properties by the Council.
- **Council Tax Court Costs** - £0.264 million - this provision is against outstanding court costs that have been raised against Council Tax arrears.
- **Provision for NNDR Appeals** - £4.910 million - following the reform of Business Rates, the risk of appeals is shared between Central Government, the Council and Oxfordshire County Council. This relates to the Council's potential liability for the cost of appeals. The Council's share of the overall Collection Fund Balance has been transferred to Earmarked Reserves.
- **Insurance Provision** - £0.769 million - reflecting an actuarial estimate of the cost of insurance claims received but not yet paid.

## NARRATIVE REPORT

### 7. Current Borrowing Levels

The Council currently has external borrowing of £198.50 million with Public Works Loan Board. This was taken out in 2012 to facilitate the self-financing of the Housing Revenue Account and the first repayment of this borrowing of £20 million was made at the end of 2020/21 and was then replaced by another loan of the same amount from the Public Works Loans Board..

### 8. 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.

#### **OxWED LLP**

The Council is a 50% owner of OxWED LLP, a newly incorporated Joint Venture, with Nuffield College Developments 1 Ltd. The purpose of the company is to develop and regenerate the West End area of Oxford and produce a mixed use development including commercial and domestic properties for sale and rent. The assets and liabilities of the Oxford West End Developments Limited were transferred to OxWED LLP.

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

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

#### **Oxford City Housing Limited (OCHL)**

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

Under the Equity method of group accounting the Council's Group Balance Sheet records the Council's share of the OxWED and the Barton Oxford LLPs Net Assets. ODSL, ODSTL and OCHL are consolidated on a line by line basis because they are wholly owned by the Council. The net figure for all five entities as at 31 March 2022 is a **net asset of £0.102 million**.

#### Wholly Owned Entities: -

	<b>ODSL 2020/21 £'000</b>	<b>ODSTL 2020/21 £'000</b>	<b>OCHL 2020/21 £'000</b>	<b>Sub-Total 2020/21 £'000</b>
Council's share of Net Assets	15,444	296	43,285	59,025
Capital classified as a liability	(13,155)	-	(41,706)	(54,861)
<b>Council's Share shown in the Group Accounts</b>	<b>2,289</b>	<b>296</b>	<b>1,579</b>	<b>4,164</b>
	<b>ODSL 2019/20 £'000</b>	<b>ODSTL 2019/20 £'000</b>	<b>OCHL 2019/20 £'000</b>	<b>Sub-Total 2019/20 £'000</b>
Council's share of Net Assets	13,887	107	15,516	29,510
Capital classified as a liability	(12,211)	-	(13,998)	(26,209)
<b>Council's Share shown in the Group Accounts</b>	<b>1,676</b>	<b>107</b>	<b>1,518</b>	<b>3,301</b>

## NARRATIVE REPORT

Joint Ventures and Total: -

	OxWED 2020/21 £'000	Barton LLP 2020/21 £'000	Sub-Total 2020/21 £'000	Total 2020/21 £'000
Council's share of Net Assets	8,027	-	8,027	67,052
Capital classified as a liability	(11,260)	-	(11,260)	(66,121)
<b>Council's Share shown in the Group Accounts</b>	<b>(3,233)</b>	<b>-</b>	<b>(3,233)</b>	<b>931</b>
	OxWED 2019/20 £'000	Barton LLP 2019/20 £'000	Sub-Total 2019/20 £'000	Total 2019/20 £'000
Council's share of Net Assets	8,883	-	8,883	38,393
Capital classified as a liability	(10,760)	-	(10,760)	(36,969)
<b>Council's Share shown in the Group Accounts</b>	<b>(1,877)</b>	<b>-</b>	<b>(1,877)</b>	<b>1,424</b>

The overall net assets of the entities shown on the Balance Sheets of the entities are split in proportion to the ownership of the entities. The amount shown in the Council's Group Accounts is the Council's share of net assets adjusted for entries that are already included in the Council's accounts to avoid double counting.

See [pages 99 to 126](#) for more details on the Group Accounts.

### 9. Financial Prospects Looking Forward

#### General Fund

The COVID 19 pandemic and the latest variant Omicron continues to create significant financial hardship for many businesses and individuals in the city. The Council has not been immune from such problems. In June 2020 the Head of Financial Services reported an estimated £29 million budget deficit over the four year MTFP to Cabinet in his report of June 2020 recommending that the Council take immediate action to mitigate this potential overspend. Whilst it is fair to say that this gap has not grown it has also not changed significantly and many of the assumptions around reduced income streams from commercial rents, car parking and town hall lettings remain in place. Part of the action required was the drawing on reserves to balance the deficit over the period and this still remains a key mitigation with the draw on reserves over the 4 year period now estimated at £11 million. It should be noted that as part of the budget setting strategy for the current MTFP the advice of the Head of Financial Services (Section 151 Officer) is that there should be no additional draw on these reserves over the next 4 year period.

As in previous years the Council has undertaken a prudent and robust approach in developing its Medium Term Financial Strategy ("MTFS") based on information that is available to date. There is still uncertainty over a number of areas, some surrounding income streams which have been adversely affected by the pandemic, and others around Government policy such as retained business rates. Members should have regard to this when considering this report and officers will ensure that the position is closely monitored going forward.

Additional efficiencies over the years are planned which deliver £11.65 million of ongoing savings from 2025-26 onwards. All aspects of the Council's budget, efficiency savings, additional income streams, and pressures have been subject to rigorous review, with Service Heads being required to review the plans they put forward in previous years and confirm delivery of the proposals over the life of the MTFP.

#### COVID 19

Pressures around income streams especially commercial rents brought about by the COVID 19 pandemic. Prudent estimates have been made of the likely estimated position of these income streams with some such as commercial rents not considered to return to their pre COVID position for a number of years.

#### Housing Revenue Account (HRA)

- ◆ Key assumptions in the HRA budget include: Rent Setting
- For 2022/23 the Consumer Price Index (CPI) rate was 3.1% in September and hence in line with Government

## NARRATIVE REPORT

policy of CPI +1%, council house rents are estimated to increase by 4.1% from 2021-22 levels, with 3% increases estimated for future years.

- ◆ Debt Management Strategy

Loan debt over the next 4 years increases from £198 million to £494 million peak debt in 2028-29 to accommodate the purchase of affordable housing from the Housing Company. Sufficient provision has been made in the HRA to cover the cost of this debt.

- ◆ Inflation and pay assumptions

All the assumptions for pay inflation are the same as for the Council's General Fund.

### Local Authority Trading Companies

#### OCHL

Oxford City Housing Company Group has commenced the purchase of social housing stock developed as part of the Barton Park development with 27 properties transferred to the Company in 2020/21 and 14 in 2021/22. The Company is also developing sites within Oxford producing **XX new market dwellings and has sold XX** affordable dwellings to the HRA. The first surplus was for the group was achieved in 2021/22 and surpluses are forecast to be made in the next few years, primarily arising from the development schemes.

#### ODS

The Council has two wholly owned Companies which were set up to deliver the work of the Council's Direct Services Department. One of these companies (Oxford Direct Services Limited) undertakes work relating to the Council's statutory responsibilities in respect of refuse and recycling, street cleaning, highways and building maintenance plus any associated small scale external trading and as such has received Teckal exemptions in respect of the procurement of such services; during 2021/22 the majority of the external work was transferred to the sister company Oxford Direct Services Trading Limited. A small amount of work within the Teckal company has been undertaken on a competitive trading basis, with surpluses arising from these traded activities, unlike the statutory services, being subject to corporation tax. The other company (Oxford Direct Services Trading Limited) pursues a more commercial approach commencing with trade waste without the legislative limitations placed on the Direct Services Department as part of the Council's organisational structure. The companies commenced trading on 1 April 2018. In the first full trading year the Companies delivered £1.3 million dividend back to the shareholder in accordance with the Council's MTFP. No dividend has been declared since.

#### OxWED

The Council set up Oxford West End Developments Limited as a joint venture with Nuffield College. During 2021/22 the work of the Company was transferred into a Limited Liability Partnership, OxWED LLP whose partners are Oxford City Council and Nuffield College Developments 1 Ltd, a wholly owned subsidiary of Nuffield College. OxWED LLP is now tasked with formulating the development plans and seeking planning permission for the site, following which strategic infrastructure will be installed, and onward sale of plots for development of housing and commercial properties will be made, with dividends in respect of these sales forecast to be returned to the shareholders over the next 4 to 5 years.

### Future Borrowing

The Council is planning to undertake significant borrowing over the next four year period to finance loans to Oxford City Housing Limited (OCHL) and also other capital spend, with the Capital Financing Requirement estimated to increase to around £672 million at the end of 2025/26 from £295 million at the end of 2021/22. The level of additional external borrowing is currently estimated at £373 million up to the end of 2025/26 of which £257 million is expected to be in respect of HRA capital expenditure. The balance of borrowing used to finance capital expenditure will be funded from internal resources. External borrowing is expected to be taken from the Public Works Loans Board. All capital loans will be secured against property and land purchased by the entities or will have the option to place a charge on property. Interest rates on the loans have been calculated by the Council to be subsidy control compliant.

## NARRATIVE REPORT

### 10. Performance Management

The Council had thirteen Corporate Performance Indicators which it monitored and reported on during the year and these are listed below. Of the twelve indicators, 5 (38.46%) did not achieve their target and 8 (61.54%) did meet the target .

Measure	Target	Result for 2021/22
% of Council spend with local businesses including SMEs	45.00%	41.35%
Total income collection as % of plan (Council Tax)	96.50%	94.52%
Total income collection as % of plan (Business Rates)	85%	89.74%
% of transactions carried out online relative to total transaction numbers	50%	47.19%
The number of people in Oxford estimated to be sleeping rough	17	21
Number of Oxford Living Wage employers and employees	50	67
Satisfaction with parks and green spaces	90%	92%
% of BAME staff	14%	14%
% of privately rented homes improved	60%	69%
Percentage of council owned stock that has an EPC below C	46%	32%
Improvement in overall city centre air quality	38	35
% of Council spend with local businesses (excluding ODS and OCHL)	45.00%	45.09%
Efficiencies delivered against plan	£1,852,175	£1,806,000

### 11. 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 2021/22. We've tried hard to present information as clearly as possible, but if you want to find out more about these accounts you can:

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

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

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**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED  
31 MARCH 2022**

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

		2020/21		2020/21		2020/21		2020/21	
	Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Net Expenditure £'000
Communities & People		25,354	(15,274)	10,080	22,218	(15,813)	6,405		
Development		7,972	(3,542)	4,430	7,487	(5,445)	2,042		
Chief Executive		2,690	(1,074)	1,616	3,227	(863)	2,364		
ODS Development Director		26,016	(10,228)	15,788	26,364	(13,186)	13,178		
Corporate Services		21,650	(5,356)	16,294	20,437	(5,526)	14,911		
Housing Revenue Account (HRA)		47,031	(45,914)	1,117	37,743	(45,581)	(7,838)		
Service Level Agreements and Capital Charges		38,791	(25,136)	13,655	35,174	(25,069)	10,105		
Corporate and Democratic Core		43,851	(40,149)	3,702	47,862	(42,220)	5,642		
<b>Cost of Services</b>		<b>213,355</b>	<b>(146,673)</b>	<b>66,682</b>	<b>200,512</b>	<b>(153,703)</b>	<b>46,809</b>		
Other Operating Expenditure	10	6,293	-	6,293	3,751	-	3,751		
Financing and Investment Income and Expenditure	11	12,759	(17,099)	(4,340)	12,706	(9,692)	3,014		
Taxation and Non-Specific Grant Income	12	-	(58,709)	(58,709)	-	(37,458)	(37,458)		
<b>(Surplus)/Deficit on Provision of Services</b>	7	<b>232,407</b>	<b>(222,481)</b>	<b>9,926</b>	<b>216,969</b>	<b>(200,853)</b>	<b>16,116</b>		
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets				(36,564)			(6,595)		
Actuarial (Gains)/Losses on Pension Assets and Liabilities				72,305			63,882		
<b>Other Comprehensive Income and Expenditure</b>				<b>35,741</b>			<b>57,287</b>		
<b>Total Comprehensive Income and Expenditure</b>				<b>45,667</b>			<b>73,403</b>		

**EXPENDITURE AND FUNDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2022**

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

	2021/22		2020/21			
	Net Expenditure GF & HRA £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure CI&E £'000	Adjustments Between Funding and Accounting Basis £'000	Net Expenditure GF & HRA £'000	Net Expenditure CI&E £'000
Communities & People	10,080	-	10,080	6,405	6,405	6,405
Development	4,980	550	4,430	1,556	(486)	2,042
Chief Executive	1,616	-	1,616	2,364	-	2,364
ODS Development Director	15,788	-	15,788	13,178	-	13,178
Corporate Resources	16,294	-	16,294	14,911	-	14,911
Housing Revenue Account (HRA)	(10,582)	(11,699)	1,117	(15,377)	(7,539)	(7,838)
Service Level Agreements and Capital Charges	(10,512)	(24,167)	13,655	(4,468)	(14,573)	10,105
Corporate and Democratic Core	4,099	397	3,702	5,968	326	5,642
<b>Cost of Services</b>	<b>31,763</b>	<b>(34,919)</b>	<b>66,682</b>	<b>24,537</b>	<b>(22,272)</b>	<b>46,809</b>
Other Income and Expenditure	10,350	67,106	(56,756)	(60,827)	(30,134)	(30,693)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>42,113</b>	<b>32,187</b>	<b>9,926</b>	<b>(36,290)</b>	<b>(52,406)</b>	<b>16,116</b>
Opening Balance (General Fund and HRA)	116,387			80,097		
Surplus/(Deficit) on General Fund and HRA Balance in Year	(42,113)			36,290		
<b>Closing Balance (General Fund and HRA)</b>	<b>74,274</b>			<b>116,387</b>		

6 & 7

**MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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

	Note	General Fund Balance	Earmarked GF Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Major Repairs Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31st March 2020 carried forward</b>		<b>3,622</b>	<b>40,384</b>	<b>4,000</b>	<b>32,091</b>	-	<b>17,856</b>	<b>14,050</b>	<b>112,003</b>	<b>728,821</b>
<b>Movement in Reserves during 2020/21</b>										
Surplus/(Deficit) on the Provision of Services		(18,233)	-	2,117	-	-	-	-	(16,116)	-
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	(57,287)
<b>Total Comprehensive Income and Expenditure</b>		<b>(18,233)</b>	-	<b>2,117</b>	-	-	-	-	<b>(16,116)</b>	<b>(57,287)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	8	46,981	-	5,425	-	5,646	(11,720)	(1,035)	45,297	(45,297)
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>28,748</b>	-	<b>7,542</b>	-	<b>5,646</b>	<b>(11,720)</b>	<b>(1,035)</b>	<b>29,181</b>	<b>(102,584)</b>
Transfers to/from Earmarked Reserves	9	(28,748)	28,748	(7,542)	7,542	-	-	-	-	-
<b>Increase/(Decrease) in 2020/21</b>		<b>-</b>	<b>28,748</b>	<b>-</b>	<b>7,542</b>	<b>5,646</b>	<b>(11,720)</b>	<b>(1,035)</b>	<b>29,181</b>	<b>(102,584)</b>
<b>Balance at 31st March 2021 carried forward</b>		<b>3,622</b>	<b>69,132</b>	<b>4,000</b>	<b>39,633</b>	<b>5,646</b>	<b>6,136</b>	<b>13,015</b>	<b>141,184</b>	<b>626,237</b>
<b>Movement in Reserves during 2021/22</b>										
Surplus/(Deficit) on the Provision of Services		(5,597)	-	(4,329)	-	-	-	-	(9,926)	-
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	(35,741)
<b>Total Comprehensive Income and Expenditure</b>		<b>(5,597)</b>	-	<b>(4,329)</b>	-	-	-	-	<b>(9,926)</b>	<b>(35,741)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	8	(10,783)	-	(21,404)	-	(557)	2,244	4,327	(26,173)	26,173
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>(16,380)</b>	-	<b>(25,733)</b>	-	<b>(557)</b>	<b>2,244</b>	<b>4,327</b>	<b>(36,099)</b>	<b>(9,568)</b>
Transfers to/from Earmarked Reserves	9	16,380	(16,380)	25,733	(25,733)	-	-	-	-	-
<b>Increase/(Decrease) in 2021/22</b>		<b>-</b>	<b>(16,380)</b>	<b>-</b>	<b>(25,733)</b>	<b>(557)</b>	<b>2,244</b>	<b>4,327</b>	<b>(36,099)</b>	<b>(9,568)</b>
<b>Balance at 31st March 2022 carried forward</b>		<b>3,622</b>	<b>52,752</b>	<b>4,000</b>	<b>13,900</b>	<b>5,089</b>	<b>8,380</b>	<b>17,342</b>	<b>105,085</b>	<b>616,669</b>

## BALANCE SHEET AS AT 31 MARCH 2022

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

	Note	2021/22 £'000	2020/21 £'000
Property, Plant & Equipment	13	958,557	890,708
Heritage Assets	14	3,688	3,341
Investment Properties	16	114,227	119,140
Intangible Assets	17	4,068	3,321
Long Term Investments	18	24,031	16,598
Long Term Debtors	18	150,795	141,676
<b>Long Term Assets</b>		<b>1,255,366</b>	<b>1,174,784</b>
Short Term Investments	18	73,000	55,500
Assets Held for Sale	23	527	860
Inventories		11	13
Short Term Debtors	20	52,417	56,198
Cash and Cash Equivalents	18 & 22	18,703	6,090
<b>Current Assets</b>		<b>144,658</b>	<b>118,661</b>
Short Term Borrowing	18	(36,000)	-
Short Term Creditors	24	(92,425)	(69,990)
Contract Liabilities		(4,282)	(2,536)
<b>Current Liabilities</b>		<b>(132,707)</b>	<b>(72,526)</b>
Long Term Creditors	18	(556)	(529)
Provisions	25	(7,536)	(9,161)
Long Term Borrowing	18	(198,528)	(198,528)
Other Long Term Liabilities	18	(307,560)	(214,580)
Capital Grants Receipts in Advance	35	(31,383)	(30,700)
<b>Long Term Liabilities</b>		<b>(545,563)</b>	<b>(453,498)</b>
<b>Net Assets</b>		<b>721,754</b>	<b>767,421</b>
Usable Reserves	MIRS	(105,085)	(141,184)
Unusable Reserves	27	(616,669)	(626,237)
<b>Total Reserves</b>		<b>(721,754)</b>	<b>(767,421)</b>

The unaudited Accounts were issued on XXX and the audited accounts were authorised for issue on XXX.

Signed

\_\_\_\_\_  
Nigel Kennedy

Head of Financial Services (Section 151  
Officer)

Date

\_\_\_\_\_  
XXX

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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

	Note	2021/22 £'000	2020/21 £'000
Net (Surplus)/Deficit on the Provision of Services		9,926	16,116
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements		(102,946)	(32,798)
<b>Net Cash Flows from Operating Activities</b>		<b>(93,020)</b>	<b>(16,682)</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets		65,058	43,904
Purchase of Short-Term and Long-Term Investments		27,796	19,155
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets		(12,670)	(10,341)
Other Capital Cash Receipts in Advance		(683)	(11,824)
<b>Total Cash Flows from Investing Activities</b>		<b>79,501</b>	<b>40,894</b>
Purchase of Short and Long Term Borrowing		(42,500)	(20,000)
Repayment of Borrowing		-	20,000
Other payments/(receipts) from Financing Activities		43,406	(18,022)
Payments for the reduction of a Finance Lease Liability		-	-
<b>Total Cash Flows from Financing Activities</b>		<b>906</b>	<b>(18,022)</b>
<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>		<b>(12,613)</b>	<b>6,190</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		(6,090)	(12,280)
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	22	<b>(18,703)</b>	<b>(6,090)</b>

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# **NOTES TO THE CORE FINANCIAL STATEMENTS**

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## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Accounting Standards issued, but not yet adopted by the Code of Practice 2021/22

The following disclosure provides information relating to the impact of accounting changes that will be required by new accounting standards that have been issued but not yet adopted. The International Financial Reporting Standards introduced or amended in the 2022-23 code are applicable from the 1 April 2022. The following disclosure provides information relating to the impact of accounting changes that will be required by the new accounting standards that have been issued but not yet adopted. The impact that initial application of the IFRS as adopted by the code is expected to be immaterial and have minimum effect on the Oxford City's financial statements.

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

Paragraph 3.3.4.3 and Appendix C of the Code adapts IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2022/23 Code). This means that only the standards listed below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards to be introduced in the 2022-23 code and the 2022-23 code that are relevant requirements of paragraph 3.3.4.3 are:

#### ♦ Annual Improvements to IFRS Standards 2018–2020

The annual IFRS improvement programme notes 3 changed standards that are applicable to the Council. None of these changes will have a significant effect on Oxford City Council's financial statements.

- ♦ IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

This amendment will ease transition to IFRS Standards for subsidiaries applying this optional exemption by:

- reducing undue costs; and
  - avoiding the need to maintain parallel sets of accounting records.
- ♦ IAS 37 (Onerous contracts) – clarifies the intention of the standard

Following the withdrawal of IAS 11 Construction Contracts, companies apply the requirements in IAS 37 when determining whether a contract is onerous. These requirements specify that a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits.

Companies currently applying the 'incremental cost' approach will need to recognise bigger and potentially more provisions for onerous contracts. This follows recent amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which clarify the types of costs a company includes as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.

- ♦ IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

## NOTES TO THE CORE FINANCIAL STATEMENTS

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

When a present value technique is used to measure fair value, the assumptions used for the cash flows and discount rates should be internally consistent – i.e. using either after tax or pre-tax for both. The amendments provide the flexibility to use either, as appropriate, in line with IFRS 13.

The assumptions about cash flows and discount rates should reflect market participants' views, which in practice are predominantly performed on a post-tax basis.

### ♦ **Property, Plant and Equipment (PPE): Proceeds before Intended Use (Amendments to IAS 16)**

The amendment to IAS 16 PPE will mainly effect extractive and petrochemical industries.

In the process of making an item of PPE available for its intended use, a company may produce and sell items – e.g. minerals extracted in the process of constructing an underground mine or oil and gas from testing wells before starting production. To address diversity in practice, the International Accounting Standards Board has amended IAS 16 Property, Plant and Equipment to provide guidance on the accounting for such sale proceeds and the related production costs.

The standard will have no impact on Oxford City Council

### ♦ **The adoption of IFRS 16 (Leases)**

Following an emergency consultation in February, CIPFA/LASAAC has announced an optional two-year delay to the introduction of IFRS 16 by local authorities. This decision has been confirmed by the Financial Reporting Advisory Board. Each local authority will therefore have the choice to implement the IFRS 16 Leases accounting standard on any one of three dates: 1st April 2022, 1st April 2023 or 1st April 2024. Oxford City Council has decided to implement the IFRS 16 Leases standard on 1st April 2024.

## **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:

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

There remains a high degree of uncertainty about future levels of Grant funding for local government. A proportion of this funding is derived from retained Business Rates, which is subject to an index linked tariff payable to Central Government. Whilst the Council can benefit to a limited degree from increased Business Rates from new businesses, it can also lose (subject to a safety net) if Business Rates income starts to decline. The Council has determined the level of uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

### **Componentisation of Fixed Assets**

Where assets had been found to have significant components which would materially affect the depreciation charge, components have been identified and the depreciation of individual components applied. The Council's housing stock is subject to componentisation. The policy treats the components with a short life such as kitchens and heating systems as cost items only affected by additions and disposals and de-recognition. The land and structure of the building are the elements that benefit from any Revaluation Gain.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Pension Fund Transactions

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

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

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates Appeals	<p>The Council is required to estimate the value of successful Business Rates appeals, and make a provision for possible successful appeals. The Council have taken a prudent approach and the level for the 31 March 2022 has been estimated in the Statement of Accounts. The total appeals provision for business rates as at 31 March 2021 is £12.28 million of which the Oxford City share is £4.90 million.</p> <p>The Council has carried out sensitivity analysis on the data received from the Valuation Office to ensure that the provision is robust and evidence supports the level of this provision and has adjusted the data for known local factors.</p>	<p>If the assumption is incorrect, there would be an impact on the collection fund balance. A 1% increase in the provision would lead to an increased charge of £122,767. This would be split between the Council and Preceptors with 40% (£49,107) impacting the Council</p>
Property, Plant and Equipment	<p>General Fund and HRA Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will occur in relation to individual assets. HRA capital spending on housing stock was £40.5m in 2021/22, while approved budgets have been established in subsequent years to undertake major repairs and maintenance which underpin the assumptions made regarding the useful lives assigned to the assets.</p>	<p>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 £135,861.</p>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Rent Deposit Provision	<p>The Council operates a rent deposit scheme which provides the deposit necessary for an eligible resident to occupy private rented accommodation. The deposit is repayable. The certainty of repayment is very difficult to estimate. The Council has continued to make a provision during 2021/22 and the total provision now stands at £1.875 million. The accumulated provision represents 85% of the outstanding deposits.</p>	<p>If the Council's provision were found to be inaccurate, providing for an additional 1% provision would amount to £15,934.</p>
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the Discounted Cash Flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 13 and 16 below</p>	<p>The authority may use the discounted cash flow (DCF) model to measure the fair value of some of its investment properties. This has not been required in 2021/22. If DCF were to be applied, the significant unobservable inputs used in the fair value measurement will include management assumptions regarding rent growth, demand and vacancy levels and discount rates – adjusted for regional factors. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p>
Pensions Liability	<p>Estimation of the net pension's liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Hymans Robertson) is engaged to provide the Council with expert advice about the assumptions to be applied</p>	<p>The effects on the net pension's liability of changes in individual assumptions cannot be measured accurately. During 2021/22, the Council's actuaries advised that the net pension's liability had decreased by £51.651 million. The total Pension deficit is £162.243 million as at 31 March 2022</p>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2022, the Council had a balance of short term debtors of £68.1 million. A review of these suggested that an impairment of doubtful debts of £15.7 million was appropriate. The net balance of debtors is therefore £52.4 million.	The current economic climate is uncertain and therefore the doubtful debt allowance may be insufficient. An increase of 1% of doubtful debts would require an additional £156,831 to be set aside as an allowance
Commercial Rent Debt	As part of measures to manage the economic impact of the pandemic on Oxford, the Council put a special protocol in place which enables commercial property tenants of the Council to get their debt from 2021/22 written off providing they pay their rent in 2021/22. Added to this there is an increased risk of bankruptcy at the moment. For these reasons a specific bad debt provision was put in place, based on a risk assessment of each tenant, of £6.819 million provision against a debt of £7.296 million.	The current economic climate and collectibility of rental debt is uncertain and therefore the doubtful debt allowance may be insufficient. An increase of 1% of doubtful debts would require an additional £68,190 to be set aside as an allowance; conversely if the allowance is too high by 1% this would result in a credit of £68,190 to revenue.

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

General Fund		Collection Fund Council			Court Costs	
Sundry Debtors		Tax	NNDR			
Age of Debt	Provision	Year Debt Raised	Provision	Provision	Year Debt Raised	Provision
<1 Year	0%	2021/22	1.5%	25.0%	2020/21	40%
<2 Years	100%	2020/21	25.0%	25.0%	2020/21	45%
<3 Years	100%	2019/20	50.0%	50.0%	2019/20	65%
<4 Years	100%	2018/19	75.0%	75.0%	2018/19	65%
<5 Years	100%	2017/18	80.0%	80.0%	2017/18	85%
<6 Years	100%	2016/17	92.0%	92.0%	2016/17	85%
>6 Years+	100%	2015/16	92.0%	92.0%	2015/16	85%
		2014/15	92.0%	92.0%	2014/15	85%
		2013/14	92.0%	92.0%	2013/14	85%
		2012/13	94.0%	94.0%	2012/13	85%
		2011/12	96.0%	96.0%	2011/12	90%
		2010/11	97.0%	97.0%	2010/11	96%
		2009/10 & prior years	100.0%	100.0%	2009/10 & prior years	100%

## NOTES TO THE CORE FINANCIAL STATEMENTS

Additionally where there are specific concerns about a customer's likelihood to pay debts, a bad debt provision is made based on an assessment of the risk of non-payment of the outstanding debt held by that customer. For 2020/21 a specific provision was made for commercial property rental debts based on an assessed risk of non-payment and the specific assessment of commercial property rental debts was continued in 2021/22.

### 4. Material Items of Income and Expenditure

#### Pension Fund Actuarial Gain

The Pension Fund Actuary has reported an actuarial gain for 2021/22 of £72.306 million. This is reported as a gain in Other Comprehensive Income and Expenditure and is reversed out through the MiRS and therefore has no General Fund Balance implications.

#### Changes to Pension Costs Arising from Court Ruling

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

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

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression.

The Fund's actuary has incorporated the latest assumptions on the impacts of this court ruling into the pension fund valuations included in the accounts. The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place, however there may be unavoidable upward pressure on contributions in future years.

### 5. Post Balance Sheet Events

Events taking place after 31 March 2022 are not reflected in the financial statements or notes, unless they are of such importance that non-disclosure would affect the ability of users to make proper evaluations and decisions. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events to report after the Balance Sheet date that deem adjustment or disclosure in the accounts.

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

	2021/22				2020/21			
	Adjustment for Capital Purpose £'000	Net Change for Pensions Adjustment £'000	Other Differences £'000	Total Adjustment £'000	Adjustment for Capital Purpose £'000	Net Change for Pensions Adjustment £'000	Other Differences £'000	Total Adjustment £'000
Communities & People Development	550	-	-	550	-	-	-	(486)
Chief Executive	-	-	-	-	-	-	-	-
ODS Development Director	-	-	-	-	-	-	-	-
Corporate Resources	-	-	-	-	-	-	-	-
Housing Revenue Account (HRA)	(10,292)	(1,421)	14	(11,699)	(7,266)	(212)	(61)	(7,539)
Service Level Agreements and Capital Charges	(9,222)	(15,194)	249	(24,167)	(11,205)	(2,979)	(389)	(14,573)
Corporate and Democratic Core	-	397	-	397	-	326	-	326
<b>Cost of Services</b>	<b>(18,964)</b>	<b>(16,218)</b>	<b>263</b>	<b>(34,919)</b>	<b>(18,957)</b>	<b>(2,865)</b>	<b>(450)</b>	<b>(22,272)</b>
Other Income and Expenditure	53,948	(4,436)	17,594	67,106	(2,773)	(3,393)	(23,968)	(30,134)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>34,984</b>	<b>(20,654)</b>	<b>17,857</b>	<b>32,187</b>	<b>(21,730)</b>	<b>(6,258)</b>	<b>(24,418)</b>	<b>(52,406)</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 7. Expenditure and Income Analysed by Nature

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Employee Benefits Expenses	53,759	39,256
Other Service Expenses	120,437	117,354
Support Service Recharges	21,372	21,662
Depreciation, Amortisation & Impairments	19,682	25,077
Interest Payments	10,863	9,870
Precepts & Levies	288	281
Payment to Housing Capital Receipts Pool	1,541	1,566
Losses on the Disposal of Assets	4,465	1,903
<b>Total Expenditure</b>	<b>232,407</b>	<b>216,969</b>
Fees, Charges & Other Service Income	(79,991)	(76,332)
Interest & Investment Income	(9,564)	(6,234)
Income from Council Tax, Non Domestic Rates & District Rate Income	(26,855)	(25,586)
Support Service Recharges	(21,412)	(21,770)
Government Grants & Contributions	(80,659)	(70,931)
Gain on the Disposal of Assets	(4,000)	-
<b>Total Income</b>	<b>(222,481)</b>	<b>(200,853)</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>9,926</b>	<b>16,116</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

#### **General Fund Balance**

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

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

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

#### **Major Repairs Reserve**

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

#### **Capital Receipts Reserve**

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

#### **Capital Grants Unapplied**

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

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**8. Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22**

2020/21	Usable Reserves					Unusable
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of Non-Current Assets	5,179	-	-	-	-	(5,179)
Movements in the market value of Investment Properties	597	-	-	-	-	(597)
Amortisation of Intangible Assets	749	-	-	-	-	(749)
Revaluation and Impairment charged to revenue	(3,709)	9,801	-	-	-	(6,092)
Revenue expenditure funded from Capital under Statute	7,003	491	-	-	-	(7,494)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	14,598	4,730	-	-	-	(19,328)
Impairments of Deferred Capital Receipts	(451)	-	-	-	-	451
Donated assets recognised through revenue	(4,000)	-	-	-	-	4,000
Repayment of debtors from capital receipt	-	-	(906)	-	-	906
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(37)	-	-	-	-	37
Capital expenditure charged against the General Fund and HRA balances	-	(28,798)	-	-	-	28,798
Capital grants and contributions unapplied	(27,265)	-	-	-	27,265	-
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	(22,938)	22,938
Interest paid to the capital grants reserve	-	-	-	-	-	-
<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	(3,634)	(9,036)	12,670	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(11,619)	-	-	11,619
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,541	-	(1,541)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	3,640	-	-	(3,640)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8. Adjustments between Accounting Basis and Funding Basis under Regulations 2021/22 – cont.

2020/21	Usable Reserves					Unusable
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	7,644	-	(7,644)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(8,201)	-	8,201
<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	(2,193)	-	-	-	-	2,193
Movements in the market value of Rent-to-mortgage properties	(550)	-	-	-	-	550
<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	23,093	1,422	-	-	-	(24,515)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,861)	-	-	-	-	3,861
<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	(15,841)	-	-	-	-	15,841
<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	(249)	(14)	-	-	-	263
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Upward revaluation on investments	(2,009)	-	-	-	-	2,009
Downward revaluation on investments	256	-	-	-	-	(256)
<b>Total Adjustments</b>	<b>(10,783)</b>	<b>(21,404)</b>	<b>2,244</b>	<b>(557)</b>	<b>4,327</b>	<b>26,173</b>

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**8. Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20**

2020/21	Usable Reserves					Unusable Movement in Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation of Non-Current Assets	6,595	-	-	-	-	(6,595)
Movements in the market value of Investment Properties	6,574	-	-	-	-	(6,574)
Amortisation of Intangible Assets	333	-	-	-	-	(333)
Revaluation and Impairment charged to revenue	(1,334)	6,790	-	-	-	(5,456)
Revenue expenditure funded from Capital under Statute	5,611	476	-	-	-	(6,087)
Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,582	2,662	-	-	-	(12,244)
Impairments of Deferred Capital Receipts	138	-	-	-	-	(138)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment	(37)	-	-	-	-	37
Capital expenditure charged against the General Fund and HRA balances	(207)	(342)	-	-	-	549
Capital grants and contributions unapplied	(6,566)	(255)	-	-	6,821	-
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	(7,859)	7,859
Interest paid to the capital grants reserve	-	(3)	-	-	3	-
<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	(6,157)	(4,184)	10,341	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(22,481)	-	-	22,481
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,566	-	(1,566)	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	1,986	-	-	(1,986)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 8. Adjustments between Accounting Basis and Funding Basis under Regulations 2019/20 – cont.

2020/21	Usable Reserves					Unusable
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	-	-	7,430	-	(7,430)
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	(1,784)	-	1,784
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):</b>						
Movements in the market value of Rent-to-mortgage properties	486	-	-	-	-	(486)
<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	14,510	1,001	-	-	-	(15,511)
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,464)	(789)	-	-	-	9,253
<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	23,947	-	-	-	-	(23,947)
<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	382	69	-	-	-	(451)
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Upward revaluation on investments	(115)	-	-	-	-	115
Downward revaluation on investments	137	-	-	-	-	(137)
<b>Total Adjustments</b>	<b>46,981</b>	<b>5,425</b>	<b>(11,720)</b>	<b>5,646</b>	<b>(1,035)</b>	<b>(45,297)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2021/22.

	Balance at 31 March 2022 £'000	Transfers In 2021/22 £'000	Transfers Out 2021/22 £'000	Balance at 31 March 2021 £'000	Transfers In 2020/21 £'000	Transfers Out 2020/21 £'000	Balance at 31 March 2020 £'000
<b>General Fund:</b>							
NNDR Retention Reserve	(16,506)	(11,608)	23,895	(28,793)	(25,378)	4,058	(7,473)
COVID Emergency Reserve	(7,351)	(1,879)	5,881	(11,353)	(13,982)	2,629	-
Grants Reserve	(7,493)	(5,865)	5,933	(7,561)	(7,209)	3,670	(4,022)
Direct Revenue Funding of Capital	(6,222)	(201)	12	(6,033)	(251)	1,998	(7,780)
Employee Cost Reserve	(2,943)	-	45	(2,988)	-	-	(2,988)
Vehicle Purchase Reserve	(2,300)	-	-	(2,300)	-	-	(2,300)
Committed Projects Reserve	(1,325)	(191)	130	(1,264)	(85)	1,047	(2,226)
IT Infrastructure and Equipment Reserve	(1,199)	-	-	(1,199)	(77)	293	(1,415)
Property Fund Guarantee Reserve	(1,068)	-	68	(1,136)	-	251	(1,387)
Northway and Marston Flood Alleviation	(527)	-	28	(555)	-	26	(581)
Housing Benefit Reserve	(504)	-	-	(504)	-	-	(504)
Grenoble Road Reserve	(395)	-	248	(643)	-	123	(766)
Homelessness	(393)	-	168	(561)	(360)	234	(435)
Flood Reserve	(357)	-	-	(357)	-	-	(357)
Private Sector Safety Financial Penalties	(377)	(91)	-	(286)	-	25	(311)
Apprentices Reserve	(358)	(452)	301	(207)	-	-	(207)
Community Services Carry Forward Reserve	(235)	(235)	-	-	(72)	184	(112)
SALIX Energy Projects Reserve	(217)	(92)	288	(413)	(121)	7	(299)
Local Plan Costs	(192)	(192)	-	-	-	-	-
City Council Elections Reserve	(190)	(82)	54	(162)	(70)	-	(92)
Section 106 Commuted Sums Reserve	(182)	-	100	(282)	-	100	(382)
OxFutures Reserve	(175)	-	57	(232)	-	-	(232)
Commuted Sums (Parks)	(175)	-	-	(175)	(175)	-	-
Net Zero Transition Fund	(167)	(167)	-	-	-	-	-
S106 Monitoring Income	(156)	(78)	69	(147)	(147)	-	-
SALIX Management Fee	(151)	(41)	82	(192)	(103)	3	(92)
Growth Deal - JSSP	(111)	(11)	-	(100)	(100)	884	(884)
Blue Bin League Reserve	(72)	-	-	(72)	-	-	(72)
HMO Licensing Reserve	(56)	(56)	-	-	-	29	(29)
Taxi Licensing Reserve	(54)	-	124	(178)	-	91	(269)
Lord Mayors Deposit	(52)	-	-	(52)	-	-	(52)
Oxfordshire Total Refit Project (EU Funding)	(37)	-	-	(37)	-	-	(37)
Life Chances	(15)	(15)	-	-	-	-	-
EV Projects Income	(13)	(11)	8	(10)	(10)	-	-
Proclamation Reserve	(10)	(10)	-	-	-	-	-
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	(6)	-	3	(9)	-	5	(14)
Museum Development Reserve	(4)	-	-	(4)	-	-	(4)
Recycling Incentive	-	-	100	(100)	-	-	(100)
Business Transformation Projects	-	-	59	(59)	(60)	536	(535)
SALIX Plus	-	(25)	29	(4)	(26)	137	(115)
Dry Recyclate Reserve	-	-	-	-	-	1,400	(1,400)
Repairs & Maintenance Reserve	-	-	-	-	-	630	(630)
Organisational Development Reserve	-	-	-	-	-	477	(477)
Regeneration Projects Reserve	-	-	-	-	-	310	(310)
P&R County Contribution - Future Maintenance	-	-	-	-	-	117	(117)
External Legal Fees Reserve	-	-	-	-	-	89	(89)
Severe Weather Recovery Scheme	-	-	-	-	-	35	(35)
Land at Barton	-	-	-	-	-	31	(31)
Town Hall Equipment Reserve	-	-	-	-	-	20	(20)
General Licensing reserve	-	-	-	-	-	16	(16)
Town Team Partners	-	-	-	-	-	10	(10)
Business Support Scheme	-	-	-	-	-	5	(5)
Work Of Art Reserve	-	-	-	-	-	5	(5)
Economic Development Reserve	-	-	-	-	-	3	(3)
<b>Total General Fund</b>	<b>(51,588)</b>	<b>(21,302)</b>	<b>37,682</b>	<b>(67,968)</b>	<b>(48,226)</b>	<b>19,478</b>	<b>(39,220)</b>

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## NOTES TO THE CORE FINANCIAL STATEMENTS

General Fund Reserve	Balance at 31 March 2022 £'000	Description
NNDR Retention Reserve	(16,506)	This reserve is to cover the deficit in NNDR Collection Fund that will be charged to the General Fund in future years.
COVID Emergency Reserve	(7,351)	This reserve has been set up to contribute to the costs and lost income relating to the COVID-19 pandemic
Grants Reserve	(7,493)	This reserve was initially set up to hold various grant monies received by the City Council and or unused in-year budgetary provision for various community/non-HRA housing based activities. As the utilisation of these grants spreads across several years the release of those resources will be undertaken gradually as well as new grant monies being added.
Direct Revenue Funding of Capital	(6,222)	Created to fund future rolling programme capital requirements.
Employee Cost Reserve	(2,943)	Created to cover the severance and associated payments relating to employees, following organisational development reviews.
Vehicle Purchase Reserve	(2,300)	Reserve for the future purchase of vehicles
Committed Projects Reserve	(1,325)	Created to cover carry-forward requests from service areas, and fund expenditure commitments
IT Infrastructure and Equipment Reserve	(1,199)	Used to fund the purchase of new IT infrastructure equipment and IT projects across the Council.
Property Fund Guarantee Reserve	(1,068)	The Council has investments in Property Funds. This reserve is held against the risk future investment losses.
Northway and Marston Flood Alleviation	(527)	Used to fund the 25 year repairs and maintenance programme for Northway and Marston Flood Alleviation scheme
Housing Benefit Reserve	(504)	This reserve is to mitigate against future fluctuations in residual local cost of benefits costs following the transition to universal credit
Grenoble Road Reserve	(395)	Reserve to cover costs relating to action on Grenoble Road
Homelessness	(393)	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.
Flood Reserve	(357)	Reserve created to fund flood maintenance work not eligible for Government re-imburement under the Belwin scheme.
Private Sector Safety Financial Penalties	(377)	Created for potential penalties payable
Apprentices Reserve	(358)	For the Apprentice scheme which runs over 2 years - Sept 2019 - Aug 2021
Community Services Carry Forward Reserve	(235)	Reserve reflects additional Directorate's expenditure commitments including funding of future cultural Community and Neighbourhood initiatives and community safety/educational activities
SALIX Energy Projects Reserve	(217)	Created from an initial grant made available via Salix. The reserve is used to implement energy efficient schemes within the City.
Local Plan Costs	(192)	Local Plan Costs
City Council Elections Reserve	(190)	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.
Section 106 Commuted Sums Reserve	(182)	Created to hold Commuted Sums monies established via planning agreements.
OxFutures Reserve	(175)	This reserve is linked to the EU funded Oxfordshire Total Refit (OTR / OxFutures) project to fund potential future project pressures.
Commuted Sums (Parks)	(175)	This is S106 income from Ashurts LLP which is ring-fenced to fund the maintenance costs at Barton Park Sports Pavilion and pitches
Net Zero Transition Fund	(167)	Net Zero Transition Fund
S106 Monitoring Income	(156)	S106 and CIL money that has been earmarked for administration and monitoring of the schemes
SALIX Management Fee	(151)	Reserve represents contributions received to fund future energy assistant post activities.
Growth Deal - JSSP	(111)	To cover future costs associated with Growth Deal - JSSP
Blue Bin League Reserve	(72)	This represents a DCLG grant received to fund the Blue Bin League, a waste and recycling initiative to increase the amount of recycling across the City of Oxford.
HMO Licensing Reserve	(56)	Reserve to ensure the ring-fencing of HMO Licensing income to fund future service area expenditure.
Taxi Licensing Reserve	(54)	Created to support future taxi licensing activities. Year-end taxi licensing surpluses are transferred to this
Lord Mayors Deposit	(52)	Reserve represents resources held for assisting homeless applicants with rent deposit and/or bonds.
Oxfordshire Total Refit Project (EU Funding)	(37)	Used to hold surplus EU funding relating to OxFutures
Life Chances	(15)	Life Chances
EV Projects Income	(13)	Represents income received for consultancy work which is ring-fenced to fund the costs of the Go Ultra Low Oxford on Street (GULO-O) project
Proclamation Reserve	(10)	Proclamation Reserve
Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Planning Fund	(6)	Planning Fund ring fenced between Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes Councils. Oxford City Council administers this fund.
Museum Development Reserve	(4)	Funding to support the future development of the museum.

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2021 £'000	Transfers In 2020/21 £'000	Transfers Out 2020/21 £'000	Balance at 31 March 2020 £'000	Transfers In 2019/20 £'000	Transfers Out 2019/20 £'000	Balance at 31 March 2019 £'000
<b>HRA:</b>							
HRA Capital Projects	(12,394)	(3,923)	28,656	(37,127)	(6,728)	100	(30,499)
Committed Projects Reserve	(986)	(986)	1,881	(1,881)	(1,881)	722	(722)
Feasibility Studies Reserve	(316)	(493)	427	(250)	-	-	(250)
HRA - CRM Work	(120)	-	-	(120)	-	-	(120)
IT Equipment Reserve	-	-	153	(153)	-	43	(196)
Eco Funding	-	-	18	(18)	-	101	(119)
Direct Payment Project Arrears Reserve	-	-	-	-	-	101	(101)
<b>Total HRA</b>	<b>(13,816)</b>	<b>(5,402)</b>	<b>31,135</b>	<b>(39,549)</b>	<b>(8,609)</b>	<b>1,067</b>	<b>(32,007)</b>
<b>Insurance Funds:</b>							
Self Insurance Fund	(1,248)	-	-	(1,248)	-	-	(1,248)
<b>Total Insurance Funds</b>	<b>(1,248)</b>	<b>-</b>	<b>-</b>	<b>(1,248)</b>	<b>-</b>	<b>-</b>	<b>(1,248)</b>
<b>Grand Total</b>	<b>(66,652)</b>	<b>(26,704)</b>	<b>68,817</b>	<b>(108,765)</b>	<b>(56,835)</b>	<b>20,545</b>	<b>(72,475)</b>

HRA Reserve	Balance at 31 March 2022 £'000	Description
HRA Capital Projects	(12,394)	Created to provide the resources for both the slipped capital projects that were to be initially funded from revenue contributions and other miscellaneous revenue projects.
Committed Projects Reserve	(986)	Created to cover carry-forward requests from service areas, and fund expenditure commitments
Feasibility Studies Reserve	(316)	For investigation work on HRA sites to check their suitability for future development site
HRA - CRM Work	(120)	This reserve was created to fund IT work projects.
Insurance Funds	Balance at 31 March 2022 £'000	Description
Self Insurance Fund	(1,248)	The Self Insurance Fund reserve is used to cover claim costs that are below the Council's insurance policy



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 10. Other Operating Expenditure

	2021/22 £'000	2020/21 £'000
Parish Council Precepts	287	281
Payments to the Housing Capital Receipts Pool	1,541	1,567
(Gains)/Losses on the Disposal of Non-Current Assets	4,465	1,903
<b>Total</b>	<b>6,293</b>	<b>3,751</b>

### 11. Financing and Investment Income and Expenditure

	2021/22 £'000	2020/21 £'000
Interest Payable and Similar Charges	6,427	6,476
Pensions Interest Costs and Expected Return on Pensions Assets	4,436	3,394
Finance Charges	(3,457)	(3,453)
Interest Receivable and Similar Income	(5,655)	(2,920)
Impairment / (Revaluation) of National Homelessness Property Fund	(451)	138
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(5,640)	(621)
Dividends	-	-
<b>Total</b>	<b>(4,340)</b>	<b>3,014</b>

### 12. Taxation and Non Specific Grant Income

	2021/22 £'000	2020/21 £'000
Council Tax Income	(14,804)	(14,715)
Non Domestic Rates	(12,051)	(10,871)
Non-Ringfenced Government Grants	(588)	(5,051)
Capital Grants and Contributions	(27,266)	(6,821)
Donated Assets	(4,000)	-
<b>Total</b>	<b>(58,709)</b>	<b>(37,458)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13. Property, Plant and Equipment - Movements in 2021/22

#### Movements in 2021/22

	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 2021</b>	713,112	172,229	9,623	2,689	1,082	2,162	15,778	916,675
Additions	40,527	13,081	1,436	-	8	-	4,732	59,784
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	25,058	791	-	-	-	-	-	25,849
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(11,584)	2,038	-	-	-	-	-	(9,546)
Derecognition - disposals	-	(2,045)	-	-	-	-	(926)	(2,971)
Derecognition - other	(1,137)	(988)	(1,305)	-	-	-	-	(3,430)
Assets reclassified (to)/from Held for Sale	(3,278)	-	-	-	-	-	-	(3,278)
Other movements in cost or valuation	4,069	1,207	-	-	(51)	-	(4,153)	1,071
<b>At 31 March 2022</b>	<b>766,767</b>	<b>186,312</b>	<b>9,754</b>	<b>2,689</b>	<b>1,039</b>	<b>2,162</b>	<b>15,431</b>	<b>984,154</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2021</b>	(7,294)	(11,480)	(6,572)	(433)	(34)	(154)	-	(25,967)
Depreciation charge	(7,612)	(4,301)	(665)	(98)	(9)	(152)	-	(12,837)
Depreciation written out to the Revaluation Reserve	8,851	1,627	-	-	-	-	-	10,479
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,159	355	-	-	-	-	-	2,514
Derecognition - disposals	-	-	-	-	-	-	-	-
Derecognition - other	19	194	-	-	-	-	-	212
Other movements in depreciation and impairment	1	-	-	-	-	-	-	1
<b>At 31 March 2022</b>	<b>(3,875)</b>	<b>(13,605)</b>	<b>(7,237)</b>	<b>(531)</b>	<b>(43)</b>	<b>(306)</b>	<b>-</b>	<b>(25,597)</b>
<b>Net Book Value</b>								
At 31 March 2022	762,892	172,707	2,517	2,158	996	1,856	15,431	958,557
At 31 March 2021	705,818	160,749	3,051	2,256	1,048	2,008	15,778	890,708
<b>Movement in NBV</b>	<b>57,074</b>	<b>11,958</b>	<b>(534)</b>	<b>(98)</b>	<b>(52)</b>	<b>(152)</b>	<b>(347)</b>	<b>67,849</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13. Property, Plant and Equipment - Comparative Movements in 2020/21

#### Movements in 2020/21

	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 2020</b>	713,871	168,569	10,684	2,691	1,039	1,952	11,474	910,280
Additions	14,373	4,763	3,388	(2)	56	-	10,918	33,496
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(5,873)	1,391	-	-	-	(8)	-	(4,490)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,258)	(3,152)	-	-	-	(13)	-	(11,423)
Derecognition - disposals	-	(3,481)	(1,220)	-	-	-	-	(4,701)
Derecognition - other	(691)	-	(3,229)	-	-	-	-	(3,920)
Assets reclassified (to)/from Held for Sale	(1,859)	(1,024)	-	-	-	(1,745)	-	(4,628)
Other movements in cost or valuation	1,549	5,163	-	-	(13)	1,976	(6,614)	2,061
<b>At 31 March 2021</b>	<b>713,112</b>	<b>172,229</b>	<b>9,623</b>	<b>2,689</b>	<b>1,082</b>	<b>2,162</b>	<b>15,778</b>	<b>916,675</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2020</b>	(6,991)	(13,099)	(7,258)	(336)	(27)	(10)	-	(27,721)
Depreciation charge	(7,350)	(5,910)	(524)	(97)	(7)	(154)	-	(14,042)
Depreciation written out to the Revaluation Reserve	5,602	5,122	-	-	-	-	-	10,724
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,400	2,407	1,210	-	-	10	-	5,027
Derecognition - disposals	-	-	-	-	-	-	-	-
Derecognition - other	24	-	-	-	-	-	-	24
Other movements in depreciation and impairment	21	-	-	-	-	-	-	21
<b>At 31 March 2021</b>	<b>(7,294)</b>	<b>(11,480)</b>	<b>(6,572)</b>	<b>(433)</b>	<b>(34)</b>	<b>(154)</b>	<b>-</b>	<b>(25,967)</b>
<b>Net Book Value</b>								
At 31 March 2021	705,818	160,749	3,051	2,256	1,048	2,008	15,778	890,708
At 31 March 2020	706,880	155,470	3,426	2,355	1,012	1,942	11,474	882,559
<b>Movement in NBV</b>	<b>(1,062)</b>	<b>5,279</b>	<b>(375)</b>	<b>(99)</b>	<b>36</b>	<b>66</b>	<b>4,304</b>	<b>8,149</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	-	-	2,517	2,158	133	-	15,431	20,238
Valued at Fair Value as at:								
31 March 2022	-	-	-	-	-	-	-	-
31 March 2021	-	-	-	-	-	1,686	-	1,686
31 March 2020	-	-	-	-	-	-	-	-
31 March 2019	-	-	-	-	-	55	-	55
31 March 2018	-	-	-	-	-	16	-	16
31 March 2017	-	-	-	-	-	30	-	30
31 March 2016	-	-	-	-	-	69	-	69
Valued at Current Value as at:								
31 March 2022	762,892	46,532	-	-	-	-	-	809,423
31 March 2021	-	48,114	-	-	-	-	-	48,114
31 March 2020	-	21,849	-	-	-	-	-	21,849
31 March 2019	-	24,121	-	-	-	-	-	24,121
31 March 2018	-	31,493	-	-	677	-	-	32,170
31 March 2017	-	253	-	-	-	-	-	253
31 March 2016	-	-	-	-	-	-	-	-
31 March 2015	-	345	-	-	-	-	-	345
De-minimis	-	1	-	-	187	-	-	188
Total Cost or Valuation	<b>762,892</b>	<b>172,707</b>	<b>2,517</b>	<b>2,158</b>	<b>996</b>	<b>1,856</b>	<b>15,431</b>	<b>958,557</b>

### a) Capital Commitments

At 31 March 2022, the Council had entered into a number of contracts for the construction of or enhancement to Property, Plant and Equipment for completion in 2022/23 and future years, estimated at £13.2 million. Similar commitments at 31 March 2021 were £18.5 million. The major commitments are:

	31 Mar 2022 £'000	31 Mar 2021 £'000
Major Capital Works at Seacourt Park and Ride	1,944	-
Revenues and Benefits System	1,848	-
Meanwhile in Oxfordshire	1,756	-
1-3 George Street - Main Contract Works	1,120	-
Deed of Professional Appointment relating to the Barton R	700	-
Housing and Asset Management System and Corporate M	669	-
Four Phase Roof Repair and Refurbishment at Oxford Cov	506	211
Engineering Services Framework	499	-
Decarbonisation Programme - Pre Construction Services	488	-
Building Surveying Services	477	-
Building Surveying Services	477	-
Engineering Services Framework	436	-
Framework Agreement for the Provision of a Lift Replacem	421	-
Lift Replacement Works Programme Framework	407	-
Refurbishment works to 46-48 Covered Market	317	-
Roof Repair and Decorations at Oxford Covered Market	261	-
Building Surveying Services	244	-
Building Surveying Services Cave Street Development (St	220	-
Building Surveying Services 1-3 George Street	220	-
Building Surveying Services	165	-
Purchase of properties at Glanville Road	-	3,043
Horspath Sports Park	-	3,056
Kitchen and Bathroom Works	-	2,693
Heating Works	-	1,573
Refurbishment of Tower Blocks	-	1,338
Rewiring Work	-	1,260
Estate Enhancements & Regeneration	-	1,047
Purchase of properties at Sandford Road	-	966
Museum of Oxford Works	-	726
Adaptations for Disabled	-	704
Major Void Works	-	472
Supply of Windows & Doors	-	447
Gloucester Green	-	308
East Oxford Community Centre	-	248
Roof Repair & Refurbishment at Oxford Covered Market	-	223
Supply & Fix of Communal Entrance Doors & Screens	-	191
	<b>13,175</b>	<b>18,505</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### b) Asset Lives

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

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets
<b>Maximum Life</b>	90 years	140 years	20 years	69 years	75 years	30 years
<b>Minimum Life</b>	15 years	5 years	4 years	10 years	75 years	15 years
<b>Average</b>	42 years	46 years	9 years	24 years	75 years	23 years

### c) Revaluations

The Valuation report for 2021/22 was prepared by Michael W Scott MRICS (Registered Valuer), Senior Estates Surveyor, Regeneration and Major Projects, Oxford City Council. External valuations were all valued with an effective date of 1 October 2021.

#### External valuation

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

- **Investment Property**  
A desktop review of all investment assets was undertaken by the Council's internal Registered Valuer Michael W Scott MRICS. This exercise identified 97 properties with a probability of a significant change in value during 2021/22. This is in line with the number of properties valued in the prior year, but is still significantly higher than in most years due to the COVID 19 pandemic. 26 properties were then valued by Peter Fry MRICS ACI Arb and Tom Vecchione MRICS from Carter Jonas. Valuations for the remaining 71 properties were provided by the Council's internal Registered Valuer, Michael W Scott MRICS.
- **Council Dwellings**  
A total of 130 council dwelling beacon properties were re-valued. 67 valuations were undertaken by Richard Foulkes MRICS from Marshalls and 63 were provided by the Council's internal Registered Valuer, Michael W Scott MRICS. This exercise will ensure all Beacons are valued over a 5 year period.
- **Other Land and Buildings**  
In year five of a five year cycle, a total of 20 Property, Plant & Equipment assets were re-valued by Peter Fry MRICS ACI Arb and Tom Vecchione MRICS from Carter Jonas. Valuations for an additional 45 assets were provided by the Council's internal Registered Valuer, Michael W Scott MRICS.

#### Internal valuation

All external valuations were subject to a desktop review process by Michael W Scott MRICS. Additionally Houses in Multiple Occupation and Rent to Mortgage properties were valued internally as at 1 October 2021 and uplifted to 31 March 2022 by Michael W Scott MRICS.

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

### Market Value (MV)

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

### 14. Heritage Assets

This Statement discloses the major transactions that have taken place on Heritage Assets. The Assets were shown in 2010/11 for the first time and were introduced mainly at Market Value. The assets were revalued as at 25 November 2020 and are now showing in our accounts as at that date; the next valuation is due in 2025 for the 2025/26 financial year. The majority of Heritage Assets including Non-Operational Property were valued by Coram James, specialist Art and Antique valuers - Robert Coram James BA MRICS MNAVA undertook the valuation work.

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

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

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority	The Great Mace	Furniture	Civic Regalia	Fire Arms	Pictures and Drawings	Non Operational Property Fountain & Sculpture	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 April 2020	1,508	48	371	38	401	533	2,899
Movements	176	7	41	4	57	157	442
31 March 2021	<b>1,684</b>	<b>55</b>	<b>412</b>	<b>42</b>	<b>458</b>	<b>690</b>	<b>3,341</b>
1 April 2021	1,684	55	412	42	458	690	3,341
Movements	-	-	-	-	-	347	347
31 March 2022	<b>1,684</b>	<b>55</b>	<b>412</b>	<b>42</b>	<b>458</b>	<b>1,037</b>	<b>3,688</b>

### 15. Heritage Assets - Further Information

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### **Furniture**

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

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

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

### **Firearms**

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

### **Pictures and Drawings**

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

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

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

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

### **Heritage Non Operational Property**

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

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

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 16. Investment Properties

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

	2021/22 £'000	2020/21 £'000
Rental Income from Investment Property	10,519	6,440
Direct Operating Expenses arising from Investment Property	(1,149)	(1,382)
<b>Net Gain/(Loss)</b>	<b>9,370</b>	<b>5,058</b>

Investment Property valuations were reviewed to identify assets that could have experienced a significant change in value. All such assets identified were valued as at 1 October 2021. Consideration was given to subsequent movements and nothing identified which merited further adjustments

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

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

	2021/22 £'000	2020/21 £'000
<b>Balance at start of the year</b>	<b>119,140</b>	<b>125,942</b>
Additions:		
Purchases		-
Subsequent expenditure	5,746	1,058
Net gain / (loss) from Fair Value adjustments	(597)	(6,573)
Less:		
Disposals	(9,809)	(1,287)
<b>Net balance prior to transfers</b>	<b>114,480</b>	<b>119,140</b>
Transfers:		
(To)/from Property Plant and Equipment	(253)	-
<b>Balance at the end of the year</b>	<b>114,227</b>	<b>119,140</b>

### Fair Value Hierarchies

The table below summarises the use of the three fair value hierarchies used during 2021/22. The market approach using current market conditions, recent sales prices, and other relevant information for similar assets in the local area was used for all assets valued using a level 2 valuation approach.

	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2022 £'000
Fair Value Measurement	-	114,227	-	114,227
<b>Total</b>	<b>-</b>	<b>114,227</b>	<b>-</b>	<b>114,227</b>
	Quoted Prices in Active Markets for Identical Assets (Level 1) £'000	Other Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000	Fair Value as at 31 March 2021 £'000
Fair Value Measurement	-	119,140	-	119,140
<b>Total</b>	<b>-</b>	<b>119,140</b>	<b>-</b>	<b>119,140</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

There were no transfers between the Fair Value Hierarchy Levels during 2021/22.

### **Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties**

#### **Significant Observable Inputs – Level 2**

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

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

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

#### **Valuation Techniques**

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

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

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 17. Intangible Assets

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

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

The average amortisation period is 5 years.

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>		
- Gross Carrying Amounts	4,783	4,109
- Accumulated Amortisation	(1,462)	(1,487)
<b>Net Carrying Amount at Start of Year</b>	<b>3,321</b>	<b>2,622</b>
Additions:		
- Purchases	1,496	1,032
- Amortisation for the period	(749)	(333)
	<b>747</b>	<b>699</b>
Disposals:		
- Derecognition	(30)	(358)
- Amortisation write back	30	358
<b>Net Carrying Amount at End of Year</b>	<b>4,068</b>	<b>3,321</b>
Comprising:		
- Gross Carrying Amounts	6,249	4,783
- Accumulated Amortisation	(2,181)	(1,462)
	<b>4,068</b>	<b>3,321</b>

The amortisation of £0.7 million is shown in the Service Level Agreements and Capital Charges section within the Comprehensive Income and Expenditure Statement.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 18. Financial Instruments

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

	Non Current				Current			
	Investments		Debtors		Investments		Debtors	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Fair Value through Profit or Loss	24,031	16,598	150,795	141,676	18,703	6,090	39,071	24,663
Amortised Cost	-	-	-	-	73,000	55,500	-	-
<b>Total Financial Assets</b>	<b>24,031</b>	<b>16,598</b>	<b>150,795</b>	<b>141,676</b>	<b>91,703</b>	<b>61,590</b>	<b>39,071</b>	<b>24,663</b>

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Amortised Cost	(198,528)	(198,528)	(1,264)	(1,215)	(36,000)	-	(52,084)	(30,010)
<b>Total Financial Liabilities</b>	<b>(198,528)</b>	<b>(198,528)</b>	<b>(1,264)</b>	<b>(1,215)</b>	<b>(36,000)</b>	<b>-</b>	<b>(52,084)</b>	<b>(30,010)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

	2021/22		2020/21	
	Surplus / (Deficit) on the Provision of Services £'000	Other Comprehen- sive Income and Expenditure £'000	Surplus / (Deficit) on the Provision of Services £'000	Other Comprehen- sive Income and Expenditure £'000
<b>Net gains/losses on:</b>				
Financial Assets Measured at Fair Value	2,204	-	(161)	-
	2,204	-	(161)	-
<b>Interest Revenue</b>				
Financial Assets Measured at Fair Value	943	-	583	-
Financial Assets Measured at Amortised Cost	2,959	-	2,360	-
	3,902	-	2,943	-
<b>Interest Expense</b>	(6,427)	-	(6,476)	-

### b) Fair Values of Financial Assets

		Valuation Techniques used to measure Fair Value	31 Mar 2022 £'000	31 Mar 2021 £'000
<b>Property and Multi-Asset Funds</b>				
Property Fund Investments with CCLA	Level 1	Unadjusted quoted prices in active markets for identical shares	4,328	3,682
Property Fund Investments with Lothbury	Level 1	Unadjusted quoted prices in active markets for identical shares	8,938	7,801
Multi-Asset Fund Investments with Artemis	Level 1	Unadjusted quoted prices in active markets for identical shares	5,341	5,115
Multi-Asset Fund Investments with Fidelity	Level 1	Unadjusted quoted prices in active markets for identical shares	4,744	-
<b>Total</b>			<b>23,351</b>	<b>16,598</b>

### Investments in Property and Multi Asset Funds

The Council has invested £3 million in the CCLA Property Fund and £7 million in the Lothbury Property Fund. During 2020/21 the Council invested £5 million in the Artemis Multi-Asset Fund and in 2021/22 invested £5 million in the Fidelity Multi-Asset Fund. The units in all of these funds are valued based on the overall valuation of the funds. The Council is generally free to divest itself of its investments at any time and would receive a payment based on the number of units held multiplied by the quoted redemption price per unit. These investments are treated as available for sale financial instruments and have therefore been revalued as at 31 March 2022 based on the redemption value as at that date. The change in valuation has then been credited or debited to Other Comprehensive Income and Expenditure and is currently reversed out through the MiRS. When the Council redeems these investments, the excess over the original investment will be charged to Other Comprehensive Income and Expenditure and credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

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

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

### **Changes in the Valuation Technique**

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

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

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

### **a) Credit Risk**

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

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 £27.0 million as at 31 March 2022 and cannot be assessed generally because the risk of any institution failing to make interest payment or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of un-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

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

### **b) Liquidity Risk**

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### c) Refinancing and Maturity Risk

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

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

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

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

The maturity analysis of financial liabilities is as follows:

	2020/21 £'000	2019/20 £'000
Up to 1 year	88,434	32,860
Between 1 and 5 years	20,000	-
Between 5 and 10 years	40,000	20,000
Over 10 years	138,528	178,528
	<b>286,962</b>	<b>231,388</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.

	2021/22 £'000	2020/21 £'000
Short Term Borrowing	36,000	-
Long Term Borrowing - Public Works Loan Board	198,528	198,528
Finance Lease Liability	292	293
Cash	350	2,850
Creditors	52,084	30,010
	<b>287,254</b>	<b>231,681</b>
<b>Amortised Cost</b>	<b>287,254</b>	<b>231,681</b>
<b>Fair Value</b>	<b>302,616</b>	<b>304,647</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, £7 million in Lothbury Property Fund, £5 million in Artemis Multi-Asset Fund and £5 million in Fidelity Multi-Asset Fund. A fair value for these investments has been included.

	2021/22 £'000	2020/21 £'000
Short Term Investments	91,703	61,590
Long Term Investments	20,542	14,862
Cash	-	-
Debtors	39,071	24,663
Long Term Debtors	150,795	141,676
<b>Amortised Cost</b>	<b>302,111</b>	<b>242,791</b>
<b>Fair Value</b>	<b>303,847</b>	<b>244,527</b>

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### f) Market Risk

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

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

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

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

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

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

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

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

### g) Financial Instruments Gains and Losses

There is a net gain of £1.753 million recognised in the Consolidated Income and Expenditure Statement in relation to the property and multi asset fund investments. These are held as Financial Instruments Available for Sale and the appropriate accounting treatment is applied. There are no other gains or losses recognised in the Consolidated Income and Expenditure Statement in relation to financial instruments in this financial year.



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

The fair values calculated are as follows:

<b>Fair Value of Assets and Liabilities carried at Amortised Cost</b>	<b>2021/22</b>		<b>2020/21</b>	
	<b>Carrying amount £'000</b>	<b>Fair Value £'000</b>	<b>Carrying amount £'000</b>	<b>Fair Value £'000</b>
PWLB Debt	198,528	250,240	198,528	274,344
Non - PWLB Debt	36,000	36,000	-	-
<b>Total Debt</b>	<b>234,528</b>	<b>286,240</b>	<b>198,528</b>	<b>274,344</b>
Trade Creditors	52,084	52,084	30,010	30,010
<b>Total Financial Liabilities</b>	<b>286,612</b>	<b>338,324</b>	<b>228,538</b>	<b>304,354</b>
Investments < 1 year	91,703	91,703	61,590	61,590
Investments > 1 year	24,031	24,031	16,598	16,598
Long Term Debtors	150,795	150,795	141,676	141,676
Trade Debtors	39,071	39,071	24,663	24,663
<b>Total Loans and Receivables</b>	<b>305,600</b>	<b>305,600</b>	<b>244,527</b>	<b>244,527</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 20. Short Term Debtors

The table below shows the amount that the Council was owed at 31 March 2022 by third parties, together with amounts paid by the Council in advance of receipt of goods or services.

	2021/22 £'000	2020/21 £'000
Trade Receivables	18,235	13,212
Other Receivables	34,182	42,986
<b>Total</b>	<b>52,417</b>	<b>56,198</b>

### 21. Debtors for Local Taxation

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

	2021/22 £'000	2020/21 £'000
Less than one year	11,386	4,405
More than one year	10,749	6,802
<b>Total</b>	<b>22,135</b>	<b>11,207</b>

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

	2021/22 £'000	2020/21 £'000
Less than one year	3,152	1,167
More than one year	3,025	1,848
<b>Total</b>	<b>6,177</b>	<b>3,015</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 22. Cash and Cash Equivalents

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

	2021/22 £'000	2020/21 £'000
Cash Held by the Council	19,053	8,940
Bank Current Accounts	(350)	(2,850)
<b>Total Cash and Cash Equivalents</b>	<b>18,703</b>	<b>6,090</b>

### 23. Assets Held for Sale

	Current	
	2021/22 £'000	2020/21 £'000
<b>Balance Outstanding at Start of Year</b>	<b>860</b>	<b>3,017</b>
Assets newly classified as Held for Sale:		
Property Plant and Equipment	-	2,780
Council Dwellings	3,454	1,859
Assets declassified as Held for Sale:		
Property, Plant & Equipment	(175)	-
Assets sold	(3,612)	(6,799)
Other Movements	-	3
<b>Balance Outstanding at Year End</b>	<b>527</b>	<b>860</b>

### 24. Short Term Creditors

The table below shows the amount that the Council owed as at 31 March 2022 to third parties, together with amounts received by the Council in advance of supply of goods or services.

	2021/22 £'000	2020/21 £'000
Trade Payables	(20,780)	(11,264)
Other Payables	(71,645)	(58,726)
<b>Total</b>	<b>(92,425)</b>	<b>(69,990)</b>

The reason for the variance between 2021/22 and the previous and financial year is predominantly due to collection fund creditors arising due to government interventions relating to the COVID-19 pandemic.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 25. Provisions

Provisions for doubtful debts are separately treated against debtors on the Balance Sheet. The total value of Provisions held as at 31 March 2022 are:

	Other Provisions		Total
	Current £'000	Non Current £'000	£'000
<b>Balance at 1 April 2019</b>	-	(7,523)	(7,523)
Additional Provisions Made in Year	-	(8,069)	(8,069)
Amounts Used in Year	-	6,231	6,231
Unused Amounts Reversed in Year	-	200	200
<b>Total Provisions as at 31 March 2020</b>	-	(9,161)	(9,161)
<b>Balance at 1 April 2020</b>	-	(9,161)	(9,161)
Additional Provisions Made in Year	-	3,971	3,971
Amounts Used in Year	-	(2,383)	(2,383)
Unused Amounts Reversed in Year	-	37	37
<b>Total Provisions as at 31 March 2021</b>	-	(7,536)	(7,536)

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

### Other Provisions

**NNDR Appeals** - There is a requirement for the Council to provide for potential future obligations arising from appeals made to NNDR valuations - £4.910 million. The NNDR provision is set aside to cover the estimated costs of NNDR appeals that have been lodged with the VOA for which the timing of appeals is uncertain and there is no information available on which to base an estimate. Whereas the Council expects some appeals to be settled in the following financial year, the Council expects that the majority of these appeals will be settled later than the following financial year. Consequently the whole of the provision has been classified as long term in the accounts.

**Rent Deposit Scheme** - There is a present obligation to the landlord, a large number of deposits are currently not returned due to damage to properties, and there is a probable outflow on these. It is estimated that the payment will not be greater than the original bond - £1.593 million

**Insurance** - There are insurance claims that the Council has received that have not yet been settled. This is an actuarial estimate of the cost of these insurance claims received but not yet paid and the provision stands at £0.769 million.

**Council Tax Court Costs** - Provision set aside for future obligations due to inability to collect costs - £0.264 million

### 26. Usable Reserves

Movements in the Council's Usable Reserves are detailed in the Movement of Reserves Statement ([page 25](#)), Note 8 ([pages 39 to 43](#)), and Note 9 ([pages 44 to 46](#)).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27. Unusable Reserves

	2021/22 £'000	2020/21 £'000
Revaluation Reserve	(320,466)	(293,841)
Capital Adjustment Account	(465,976)	(434,032)
Deferred Capital Receipts Reserve	(143,226)	(136,259)
Pensions Reserve	306,853	213,894
Collection Fund Adjustment Account	8,338	24,178
Financial Instruments Revaluation Reserve	(3,489)	(1,736)
Accumulated Absences Account and Employee Reserve	1,297	1,559
<b>Total Unusable Reserves</b>	<b>(616,669)</b>	<b>(626,237)</b>

#### a) Revaluation Reserve

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

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

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

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>(293,841)</b>	<b>(303,149)</b>
Upward revaluation of assets	(47,118)	(20,711)
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	10,554	14,116
	<b>(330,405)</b>	<b>(309,744)</b>
Accumulated gains on assets sold or scrapped	1,292	678
Amount written off to the Capital Adjustment Account	8,647	15,225
<b>Balance at 31 March</b>	<b>(320,466)</b>	<b>(293,841)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### b) Capital Adjustment Account

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

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

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

	2021/22		2020/21	
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>		(434,032)		(460,154)
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	5,179		6,595	
Revaluation losses on Property, Plant and Equipment charged to CI&E	6,092		5,456	
Amount written off from the Revaluation Reserve	(8,647)		(15,225)	
Amortisation of Intangible Assets	749		333	
Revenue expenditure funded from capital under statute	7,494		6,087	
HRA Depreciation made available for capital financing	7,644		7,430	
Adjustments to Deferred Capital Receipts	7,413		30,017	
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	18,035		11,565	
Net written out amount of the cost of non-current assets consumed in the year		<b>39,959</b>		<b>52,258</b>
<b>Capital financing applied in the year:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	(11,619)		(22,480)	
Use of the Major Repairs Reserve to finance new capital expenditure	(8,201)		(1,784)	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(22,938)		(7,860)	
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(37)		(37)	
Repayment of debt on repaid debtor from capital receipts	(905)		-	
Capital expenditure charged against the General Fund and HRA balances	(28,798)		(549)	
		<b>(72,498)</b>		<b>(32,710)</b>
Movements in the market value of Investment properties debited or credited to the Comprehensive Income and Expenditure Statement		595		6,574
<b>Balance at 31 March</b>		<b>(465,976)</b>		<b>(434,032)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### c) Deferred Capital Receipts Reserve

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

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>(136,259)</b>	<b>(108,852)</b>
Adjustment for restatement in respect of Finance Leases	-	-
Adjustment for capital loans and leases	(9,606)	(30,017)
Transfer of deferred sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(550)	486
Impairment of deferred capital receipts	(451)	138
Transfer to the Capital Receipts Reserve upon receipt of cash	3,640	1,986
<b>Balance at 31 March</b>	<b>(143,226)</b>	<b>(136,259)</b>

### d) Pension Reserve

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

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	<b>213,894</b>	<b>143,754</b>
Actuarial (gains) or losses on pensions assets and liabilities	72,305	63,882
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	24,515	15,511
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,861)	(9,253)
<b>Balance at 31 March</b>	<b>306,853</b>	<b>213,894</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### e) Collection Fund Adjustment Account

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

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	24,178	232
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	(15,840)	23,946
<b>Balance at 31 March</b>	<b>8,338</b>	<b>24,178</b>

### f) Financial Instruments Adjustment Account

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

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	(1,736)	(1,759)
Upward revaluation of investments	(2,009)	(115)
Downward revaluation of investments	256	138
Change in impairment loss allowance	-	-
<b>Balance at 31 March</b>	<b>(3,489)</b>	<b>(1,736)</b>

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

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

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

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April</b>	1,559	1,108
Settlement or cancellation of accrual made at the end of the preceding year	(1,559)	(1,108)
Additional accrual during the year	1,297	1,559
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	(262)	451
<b>Balance at 31 March</b>	<b>1,297</b>	<b>1,559</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 28. Operating Activities

	2021/22 £'000	2020/21 £'000
<b>Operating activities within the Cashflow Statement include the following cashflows relating to Interest</b>		
Cash Interest Received	5,298	4,505
Cash Interest Paid	(6,427)	(6,476)
<b>Total</b>	<b>(1,129)</b>	<b>(1,971)</b>

### 29. Acquired and Discontinued Operations

There are no acquired or discontinued operations in 2020/21. During 2021/22, on 15th December 2021, the Council disposed of its shares in Oxford West End Developments Limited. This was as part of a process to create a Limited Liability Partnership (LLP) which is intended to carry out the original objectives previously pursued by Oxford West End Developments Limited. The LLP has been named OxWED LLP and the Council is a 50% partner in the LLP alongside Nuffield College Developments Ltd, a wholly owned subsidiary of Nuffield College. OxWED LLP took ownership of the land previously owned by Oxford West End Developments Limited along with the loan debt and will continue with facilitating development of the site.

All known assets and liabilities of Oxford West End Developments Limited up to 15th December 2021 have been settled but if any further assets or liabilities as at that date emerge then the Council will receive the benefit or liability of 50% of them.

### 30. Trading Operations

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

		2021/22 £'000	2020/21 £'000
<b>Building Control Charging Account</b>	Turnover	(410)	(438)
	Expenditure	677	690
	<b>(Surplus)/Deficit</b>	<b>267</b>	<b>252</b>
<b>Investigations</b>	Turnover	(188)	(287)
	Expenditure	268	189
	<b>(Surplus)/Deficit</b>	<b>80</b>	<b>(98)</b>
<b>Net (Surplus)/Deficit on Trading Operations</b>		<b>347</b>	<b>154</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 31. Agency Services

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

	2021/22 £'000	2020/21 £'000
Routine Maintenance Expenditure	960	1,046
Section 101 Agreement	1,490	1,303
Administrative Costs	250	251
<b>Net Expenditure Recharged through the Agency Arrangement</b>	<b>2,700</b>	<b>2,600</b>

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

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

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

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

### 32. Members' Allowances

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

	2021/22 £'000	2020/21 £'000
<b>Members' Allowances</b>		
Allowances	375	373
Expenses	1	-
<b>Total Payments</b>	<b>376</b>	<b>373</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 33. Officers Remuneration - Senior Employees

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

Name/Title		Salary, Fees and Allowances	Pension Contributions	Total	Note
		£	£	£	
Chief Executive	2021/22	161,499	26,163	187,662	33.1
	2020/21	161,499	26,163	187,662	
Assistant Chief Executive	2021/22	-	-	-	33.2
	2020/21	101,663	16,469	118,132	
Executive Director - Development	2021/22	119,176	19,254	138,430	
	2020/21	119,485	19,254	138,739	
Executive Director of Sustainable City	2021/22	59,688	1,323	61,012	33.3
	2020/21	98,030	15,881	113,911	
Executive Director - Communities and People	2021/22	127,113	20,592	147,705	33.4
	2020/21	119,932	19,254	139,186	
Head of Law & Governance/Monitoring Officer	2021/22	97,441	17,351	114,792	33.5
	2020/21	103,362	15,295	118,657	
Head of Financial Services/Section 151 Officer	2021/22	96,966	15,653	112,619	
	2020/21	96,555	15,588	112,143	

**33.1** - The previous Chief Executive left the post at the end of February 2021 and had an annualised salary of £161,499

**33.2** - The Assistant Chief Executive became the Chief Executive on the 1 March 2021.

**33.3** - Two Officers held this post during 2020-21. The post holder left 30 April 2021 and has not been replaced.

**33.4** - Two Officers held this post during 2021-22

**33.5** - Two Officers held this post during 2020-21

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

Other Employees Receiving more than £50,000	Number of employees 2021/22	Number of employees 2020/21
£50,000 - £54,999	17	18
£55,000 - £59,999	15	17
£60,000 - £64,999	4	8
£65,000 - £69,999	6	4
£70,000 - £74,999	3	2
£75,000 - £79,999	1	4
£80,000 - £84,999	-	1
£85,000 - £89,999	6	4
£90,000 - £94,999	-	1
£95,000 - £99,999	2	2
£100,000 - £104,999	1	-
<b>Total Number of Employees</b>	<b>55</b>	<b>61</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Exit Package cost band including special payments

	Number of other agreed departures		Total number of packages		Total cost of exit packages	
	2021/22 Nos	2020/21 Nos	2021/22 Nos	2020/21 Nos	2021/22 £'000	2020/21 £'000
£0- £20,000	5	7	5	7	31	59
£20,001- £40,000	-	2	-	2	-	61
£40,001- £60,000	1	-	1	-	53	-
<b>Total</b>	<b>6</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>84</b>	<b>120</b>

### 34. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts by the Council's external auditors:

	2021/22 £'000	2020/21 £'000
External Audit	73	66
External Audit Scale Fee Variation	23	12
Grant Claims	22	22
Grant Income	(45)	-
<b>Total</b>	<b>73</b>	<b>100</b>

### 35. Grant Income

The Council has credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

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

	2021/22 £'000	2020/21 £'000
Decarbonisation Funding (Salix)	12,289	11
Growth Deal (DLUHC)	6,757	3,139
Meanwhile in Oxfordshire (Oxfordshire Local Enterprise Partnership)	2,382	30
Community Infrastructure Levy (Various)	2,077	327
Disabled Facilities Grant (Oxfordshire County Council)	1,421	1,422
Next Steps Accommodation Programme	1,359	165
Local Authority Support Grant (DLUHC)	840	-
Museum Funding	581	108
New Homes Bonus (DLUHC)	538	610
ESO (Innovate UK)	398	206
Lower Tier Services Grant (DLUHC)	267	-
Navigating local systems (Oxfordshire County Council)	17	-
Arts Partnership Match Fund (Oxfordshire County Council)	(83)	-
Contain Outbreak Management Fund (Oxfordshire County Council)	(989)	1,487
MHCLG - COVID-19 Emergency Funding	-	2,465
DFT - Clean Bus Technology Grant	-	518
MHCLG - Council Tax Hardship Fund	-	488
Heritage Lottery Fund	-	381
Office for Low Emission Vehicles	-	141
Public Health Directorate Grant	-	100
Homes England - Next Steps Accommodation Programme	-	90
Arts Council Museum Grant	-	46
NHS England - Greenways Project contribution	-	40
University of Oxford - Greenways Project contribution	-	33
S106 Developer Contributions	-	31
Oxfordshire Preservation Trust - Covered Market contribution	-	30
Centre for Vaccinology - Museum Grant	-	4
<b>Total</b>	<b>27,854</b>	<b>11,872</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Grants Credited to Services	2021/22 £'000	2020/21 £'000
Housing Benefit Subsidy (DWP)	38,258	40,569
Homelessness/Rough Sleeping Grant (DLUHC)	4,277	1,544
Additional Restrictions Grant ARG (BEIS)	2,682	1,760
Covid Additional Relief Fund (Oxfordshire County Council)	2,082	-
Community Vaccine Champion (DLUHC)	485	-
Covid Support Grants (Oxfordshire County Council)	408	-
Energy Superhub Oxford (Innovate UK)	350	-
Protect & Vaccinate (DLUHC)	336	-
Contributions (Various)	300	-
Out of Hospital Care (DHSC)	295	-
Localised Council Tax Support (DLUHC)	294	-
Building Better Oppurtunities/Unlocking Potential (The National Lottery Community Fund)	247	-
Hardship Survival Grant (Oxfordshire County Council)	236	-
Asymptomatic Testing (Oxfordshire County Council)	211	-
Clean Air Grant (DEFRA)	208	-
Test and Trace Self-isolation Payments (UK Health Security Agency)	153	-
Syrian Resettlement Grants (Home Office)	141	-
Safer Streets (Home Office)	134	-
Reopening High Streets Safety/Welcome Back Fund (DHLUC)	130	-
Local Restrictions Support Grant LRSG (DLUHC)	117	-
Global West End Innovation Contributions (Various)	107	-
Culture Recovery Fund (Arts Council of England)	90	-
Community Safety Fund (Oxfordshire County Council)	87	-
Housing Benefit Grants (DWP)	80	-
Museum of Oxford (National Lottery Heritage Fund)	79	-
Local Council Tax Support (DLUHC)	71	-
Afghan Resettlement Grant (Home Office)	69	-
Next Steps Accomodation Programme (DLUHC)	66	1,097
Project LEO (Innovate UK)	60	-
Various Dance Grants (Arts Council of England)	47	-
Youth Ambition Programme (DWP)	45	-
Local Elections Funding (DLUHC)	44	-
New Burdens funding (BEIS)	38	-
Business grants (BEIS)	36	-
OHM Xmas Match Fund (OHN)	36	-
Cricket Club (Wolvercote Cricket Club)	34	-
Redmond Review Audit Cost (DLUHC)	34	-
Museum of Oxford (Aspire)	33	-
Domestic Abuse Funding (DLUHC)	33	-
Cultural Educational Partnership Fund (Oxfordshire County Council)	31	-
ACE Grant (Various)	27	-
Barton Healthy New Town Funding (Oxfordshire County Council)	26	-
Individual Electorate Registration (Cabinet Office)	25	-
New Burden Funding (DLUHC)	24	-
Miscellaneous Contributions (Various)	21	-
Lottery Fund (ESC Lottery Fund)	20	-
Housing Advisors Programme (Local Government Association)	20	-
Pavement Licenses (DLUHC)	15	-
Fair (Showmans Guild)	15	-
Council Tax Discount (DLUHC)	13	-
Go Active (Active Oxfordshire)	12	-
P&P Manager (South Oxfordshire District Council)	12	-
P&P Manager (Vale of the White Horse)	12	-
Community Infrastructure Levy (Various)	12	-
Growth Deal - Joint Statutory Spatial Plan (Oxfordshire County Council)	11	-
Inclusive Economy Grant (OxLEP)	10	-
Kickstart (DWP)	9	-
Safer Streets Fund (Home Office)	8	-
Building Better Oppurtunities/Unlocking Potential (European Social Fund)	7	-
Gas Safety/Warm at Home Grant (Foundations Independent Living Trust)	6	-
District Data Analyst (South Oxfordshire District Council)	5	-
District Data Analyst (West Oxon DC)	5	-
Census Support Fund (Good Things Foundation)	5	-
Practical Support Payment (Oxfordshire County Council)	5	-
Biodiversity Work (Rivers Trust)	3	-
Christmas Lights (Arts Council)	3	-
CIL Contributions (Various)	3	-
Natashas Law (DEFRA)	3	-
Contributions (Zero Carbon Partnership)	2	-
Contributions (Aspire)	1	-
Local Insight (West Oxon DC)	1	-
<b>Sub Total</b>	<b>52,805</b>	<b>44,970</b>

Continued overleaf...

## NOTES TO THE CORE FINANCIAL STATEMENTS

Grants Credited to Services - continued	2021/22 £'000	2020/21 £'000
MHCLG - Sales, Fees and Charges	-	7,259
MHCLG - Preventing Homelessness	-	927
MHCLG - Council Tax Hardship Fund	-	668
BEIS - Local Restriction Support Grant (Open)	-	569
MHCLG - Syrian Vulnerable Persons Relocation Scheme	-	466
DWP - Housing Benefit Administration Grant	-	453
DHSC - Contain Outbreak Management Fund	-	399
BEIS - Discretionary Business Grants - Administration Costs	-	359
Sport England - Leisure Recovery Fund	-	302
BIG Lottery - Building Better Opportunities Funding	-	250
Innovate UK - Energy Superhub Oxford Funding	-	247
MHCLG - Cold Weather Fund	-	192
DWP - Winter Grant Scheme	-	170
DFRA - Air Quality Scheme	-	150
MHCLG - Local Council Tax Support Admin Subsidy	-	145
Oxfordshire County Council - Asymptomatic Testing Funding	-	136
DFRA - Emergency Assistance Grant for Food and Essential Supplies	-	131
DHSC - Out of Hospital Models for People Experiencing Rough Sleeping	-	122
MHCLG - Reopening High Streets Safely Fund	-	109
DWP - Resource Management	-	104
MHCLG - Cyber Resilience Funding	-	100
Police & Crime Commissioner - Community Safety Fund	-	97
Innovate UK - Low Emission Oxfordshire	-	78
MHCLG - Compliance & Enforcement Grant	-	76
Heritage Lottery Fund - Museum Grant	-	76
MHCLG - Test & Trace Support Payment Scheme Administration Grant	-	63
MHCLG - Clinically Extremely Vulnerable Funding	-	56
Arts Council - Museum Aspire Funding	-	51
MHCLG - Rogue Landlord Enforcement Grant	-	41
MHCLG - Neighbourhood Planning for LPA	-	35
Arts Council - Cultural Education Partnerships	-	34
Oxfordshire Local Enterprise Partnership (OxLEP) - European Regional Development Fund	-	28
Cabinet Office - Individual Electoral Registration Grant	-	26
MHCLG - Council Tax Hardship Fund - Administration element	-	26
The Football Foundation Grant	-	24
FCC Communications Foundation - Community Action Fund	-	19
BEIS - Minimum Energy Efficiency Standards funding	-	16
MHCLG - Custom Build Grant	-	15
Arts Council - Christmas Lights Festival	-	12
Grosvenor - Barton Healthy New Towns	-	11
MHCLG - Family Annexe Discount Grant	-	9
Thames Valley Police - Youth Ambition Funding	-	9
Good Things Foundation - Census Grant	-	6
Sport England - Sport England ESC Lottery Fund	-	5
NHS Oxfordshire - Embedded mental health worker contribution	-	5
Geoplace LLP - Data Cooperation Agreement Funding	-	3
Arts Council - Dance Development	-	3
Canal & River Trust - Waterways Contribution	-	3
Foundations Independent Living Trust (FILT) - Warm at Home Grant	-	3
MHCLG - Brownfields Register New Burdens Funding	-	1
<b>Sub Total</b>	<b>-</b>	<b>14,089</b>
<b>Grand Total</b>	<b>52,805</b>	<b>59,059</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### Capital Grants Receipts in Advance

	2021/22 £'000	2020/21 £'000
Section 106 Contributions (Various)	13,633	12,165
Growth Deal (HRA) (DLUHC)	6,906	9,536
Oxford Growth Deal - Osney Bridge (Growth Deal)	5,695	5,884
Oxford Growth Deal - General (DLUHC)	2,066	-
Oxford Growth Deal - Cycle Schemes (DLUHC)	1,015	1,047
GULO Grants (Office for Zero Emissions)	686	686
Clean Bus Tech Grant (Department of Transport)	653	653
Green Homes Grant (HRA) (BEIS)	382	382
Oxford Growth Deal - William Morris Close (DLUHC)	347	347
<b>Total</b>	<b>31,383</b>	<b>30,700</b>

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

### Revenue Grants Receipts in Advance

	2021/22 £'000	2020/21 £'000
LRSO (Closed) (BEIS)	10,240	11,267
Council Tax Rebate (DLUHC)	7,104	-
ARG (BEIS)	3,604	2,644
LRSO (Open) (BEIS)	386	386
Kickstart (DWP)	254	-
Practical Support Payment (Oxfordshire County Council)	189	-
Household Support Fund (Oxfordshire County Council)	144	-
Safer Streets Funding (Oxfordshire County Council)	131	-
Test & Trace (BEIS)	126	126
Unidentified (BEIS)	104	-
New Burdens 5&6 (BEIS)	103	-
Other Arts Grants (Arts Council)	78	-
OHLG (BEIS)	60	-
Youth Ambition Fund (DWP)	51	-
Culture Recovery Fund (Arts Council)	38	-
Active Oxfordshire (Sports Council)	26	-
National Leisure Recovery Fund (Sports Council)	21	-
Community Safety Fund (Oxfordshire County Council)	16	-
Healthy Town Funding (Oxfordshire County Council)	16	-
Gas Safe Fund (FILTSSE)	11	-
Oxford Rivers Project (Canal& River Trust)	11	-
Domestic Abuse Fund (DLUHC)	4	-
WLP Top Up (BEIS)	2	-
Museum of Oxford (MOX Dev. Trust)	1	-
Build Back Better (BEIS)	(450)	-
Closed Business Support (BEIS)	(754)	-
Restart 21/22 (BEIS)	(1,223)	-
<b>Total</b>	<b>20,293</b>	<b>14,423</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

<b>Revenue Grants Earmarked Reserve</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Flexible Homelessness Support Grant (DLUHC)	1,295	1,295
Syrian Vulnerable Persons Relocation Scheme	766	800
Homelessness Grants (DLUHC)	763	-
Next Steps Accommodation Programme (Revenue) (DLUHC)	640	640
Out of Hospital Model (DHSC)	626	-
Air Quality Grant (DEFRA)	597	407
Council Tax Hardship Fund (DLUHC)	488	488
Containment Outbreak Management Fund (DHSC)	275	1,487
Homelessness Prevention (New Burdens HRA17) (DLUHC)	256	256
Discretionary Business Grants - Administration Costs (BEIS)	249	249
Rough Sleeping Initiative (DLUHC)	236	236
Revenues & Benefits Grant	186	186
Out of Hospital Models for People (DHSC)	134	134
Building Better Opportunities (European Social Fund)	109	109
Controlling Migration Fund (DLUHC)	106	200
Next Steps Accommodation Programme (Beckett Street) (DLUHC)	85	85
Cyber Security (DLUHC)	85	100
Homelessness Prevention (Trailblazers) (DLUHC)	60	60
Leaving EU Preparation Grant (DLUHC)	52	52
Grant (Pioneer Places) (Department of Energy and Climate Change)	48	48
Heat Networks Delivery Unit Grant (Department of Energy and Climate Change)	46	46
Custom Build Homes (DLUHC)	45	45
Rapid Rehousing Pathway Funding (DLUHC)	42	42
Verify Earnings and Pensions Funding (DWP)	41	41
Low Energy Oxfordshire funding (Innovate UK)	40	40
Brownfield Register Pilot (DLUHC)	30	30
Afghan Resettlement Grants (Home Office)	29	-
Zero Emissions Zone (DEFRA)	21	56
Test & Trace Grant (Comms) (DHSC)	17	35
Project LEO (Innovate UK)	19	-
New Burden Admin Fees (DWP)	19	-
Decentralisation & Neighbourhood Planning (DLUHC)	16	16
Contaminated Land Grant (DEFRA)	14	14
OxPops Funding (Innovate UK)	13	13
Low Carbon Framework Grant (DEFRA)	10	10
Fraud Hub Grant (DLUHC)	8	8
Cold Weather funding (DLUHC)	6	6
OLEV (Go Ultra Low Oxford) (Department for Transport)	6	6
I-Tree Project	6	6
Heritage Conservation Fund	5	5
Priority Zone Funding (Table Tennis England)	4	4
National Leisure Recovery Fund NLRP (Sport England)	-	302
Census Support (Good Things Foundation)	-	3
<b>Total</b>	<b>7,493</b>	<b>7,560</b>
<b>Capital Grants Unapplied Account</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
Community Infrastructure Levy (Various)	13,178	11,746
Housing Infrastructure Fund Northern Gateway (DLUHC)	1,187	-
Disabled Facilities Grant (Department of Health & Social Care)	1,182	800
Decarbonisation Fund (Salix)	976	-
Next Steps Accommodation Programme (DLUHC)	339	-
Ward Member Community Infrastructure Levy (Various)	158	158
Meanwhile in Oxford	45	-
Greenways Project Contribution (NHS)	40	40
Housing Infrastructure Fund Osney Mead (DLUHC)	34	-
Greenways Project Contribution (University of Oxford)	33	33
Additional Disabled Facilities Grant (Department of Health & Social Care)	31	99
<b>Total</b>	<b>17,203</b>	<b>12,876</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 36. Related Parties

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

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 7 (page 38). Grant receipts outstanding at 31 March 2022 are shown in Note 35 (pages 74 to 76).

Members of the Council have direct control over the Council's financial and operating policies. A number of members and senior officers are members of voluntary organisations which may receive small grants and funding from the Council. The grants and funding were made with proper consideration of declarations of interest. The Register of Members' Interest is held at the Town Hall and published online, and is open for public inspection. There is a loan held of £0.100 million with the Low Carbon Hub and a grant of £0.034 million to Experience Oxfordshire on which a senior officer is a board member . A number of Members serve on both the City Council and Oxfordshire County Council, this is not considered material. The total of members allowances is shown in Note 32 (page 72).

Members represent the Council on various organisations. Appointments are reviewed annually, unless a specific termination date for the term of office applies. None of these appointments places the Members concerned in a position to exert undue influence or control.

There are a number of senior officers who are appointed Directors of the Barton Oxford LLP, an arms length company set up between the Council and Grosvenor Developments Limited to facilitate new housing in Barton, the OxWED LLP, a joint venture with Nuffield College Developments 1 Ltd set up to facilitate regeneration of the Oxpens area of Oxford, Oxford City Housing Limited (OCHL), a wholly owned company set up to deliver housing within Oxford, and Oxford Direct Services Limited and Oxford Direct Services Trading Limited, two wholly owned companies set up to deliver services to the Council and to outside bodies. The OxWED company holds loans from the Council which were agreed through the Council's normal governance processes. At balance sheet date the amount due from OxWED was £16.386 million. OCHL has been advanced loans of £45.365 million, including accrued interest, which were agreed through the Council's normal governance processes to purchase properties from the Council and other parties. Oxford Direct Services Limited holds assets leased from the Council to the value of £5.992 million as at balance sheet date, has £1.729 million of debtors outstanding and undertakes a significant level of work for the Council.

The Council has the following relationships; all of the material relationships under the Accounting Code of Practice are declared above.

- Central Government – Central Government provide a number of grants to local authorities.
- Housing Associations – the Council is a partner with various Housing Associations for the purpose of providing Social Housing.
- Oxfordshire County Council – the Council undertakes agency work on behalf of the County Council. The County Council also administers the Council's local government pension scheme.
- Fusion Lifestyle - The Council has a contract with Fusion Lifestyle a social enterprise with charitable status to manage and develop the Council's seven public leisure facilities.
- Oxford City Housing Limited - a wholly owned company set up to deliver housing within Oxford.
- Oxford Direct Services Limited - a wholly owned company set up to deliver work to the Council and other bodies.
- Oxford Direct Services Trading Limited - a wholly owned company set up to deliver work to external bodies.

## NOTES TO THE CORE FINANCIAL STATEMENTS

- Local Boards and Trusts – Officers and Members represent the Council on various organisations.
- Visit Oxfordshire - the Council works closely with Visit Oxfordshire to provide tourism across the city.

There are no related parties providing personnel management services.

### 37. Capital Expenditure and Capital Financing

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

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

	2021/22 £'000	2020/21 £'000
<b>Opening Capital Financing Requirement</b>	<b>289,497</b>	<b>253,733</b>
<b>Capital Investment</b>		
Property Plant and Equipment	59,784	33,496
Assets Held for Sale	-	11
Heritage Assets	-	-
Investment Properties	1,746	1,058
Intangible Assets	1,496	1,032
Long Term Capital Debtors	6,818	27,081
Purchase of Shares in Legal Entity	681	-
Revenue Expenditure Funded from Capital under Statute	7,494	6,087
<b>Total Capital Spend</b>	<b>78,019</b>	<b>68,765</b>
<b>Sources of Finance</b>		
Capital Receipts	(11,619)	(22,480)
Government Grants and other Contributions	(22,938)	(7,860)
Sums Set Aside from Revenue	(28,798)	(549)
Major Repairs Reserve	(8,201)	(1,784)
Capital Debtor Repayment	(616)	(290)
Minimum Revenue Provision	(36)	(38)
<b>Sources of Finance Total</b>	<b>(72,208)</b>	<b>(33,001)</b>
<b>Closing Capital Financing Requirement</b>	<b>295,308</b>	<b>289,497</b>
<b>Explanation of Movements in Year</b>		
(Increase) in Underlying Need to Borrow (unsupported by Government Financial Assistance)	(6,463)	(36,092)
Decrease in Underlying Need to Borrow (unsupported by Government Financial Assistance)	652	328
<b>(Increase)/Decrease in Capital Financing Requirement</b>	<b>(5,811)</b>	<b>(35,764)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 38. Leases

#### a) Authority as Lessee

#### FINANCE LEASE

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

	31 Mar 2022 £'000	31 Mar 2021 £'000
Other Land and Buildings	11,105	11,287
Vehicles, Plant, Furniture and Equipment	-	-
<b>Total</b>	<b>11,105</b>	<b>11,287</b>

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

	31 Mar 2022 £'000	31 Mar 2021 £'000
<b>Finance lease liabilities (net present value of minimum lease payments)</b>		
- Current	-	-
- Non Current	292	293
Finance Costs Payable in Future Years	597	602
<b>Minimum Lease Payments</b>	<b>889</b>	<b>895</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 2022 £'000	31 Mar 2021 £'000	31 Mar 2022 £'000	31 Mar 2021 £'000
Not later than one year	6	6		-
Later than one year and not later than five years	26	26		2
Later than five years	857	863		291
<b>Total</b>	<b>889</b>	<b>895</b>	<b>-</b>	<b>293</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents for 2021/22 or 2020/21.

#### OPERATIONAL LEASES

The Council leases property on operating lease arrangements with an average life of 183 years. The future minimum lease payments due under non-cancellable leases in future years are:

Operating Leases	31 Mar 2022 £'000	31 Mar 2021 £'000
Not later than one year	113	112
Later than one year and not later than five years	415	481
Later than five years	1,074	1,021
<b>Total</b>	<b>1,602</b>	<b>1,613</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 2022 £'000	31 Mar 2021 £'000
Minimum lease payment	113	112
Contingent rent	54	45
Sublease payment receivable	(780)	(75)
<b>Total</b>	<b>(613)</b>	<b>82</b>

Sublease payment receivable as at 31 March 2022 amounted to £26.90 million (£3.93 million at 31 March 2021).

### b) Authority as Lessor

#### FINANCE LEASES

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

	31 Mar 2022 £'000	31 Mar 2021 £'000
<b>Finance Lease debtor (net present value of minimum lease payments)</b>		
- Current	2,699	1,958
- Non Current	66,637	67,484
Unguaranteed Residual Value of Property*	4,073	4,073
<b>Gross Investment in the Lease</b>	<b>73,409</b>	<b>73,515</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 2022 £'000	31 Mar 2021 £'000	31 Mar 2022 £'000	31 Mar 2021 £'000
Not later than one year	2,699	1,958	2,699	1,958
Later than one year and not later than five years	4,444	2,723	4,444	2,723
Later than five years	66,266	68,834	62,193	64,761
<b>Total</b>	<b>73,409</b>	<b>73,515</b>	<b>69,336</b>	<b>69,442</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 £0.222 million were receivable by the Council (£0.122 million in 2020/21).

### OPERATIONAL LEASES

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

Operating Leases	31 Mar 2022 £'000	31 Mar 2021 £'000
Not later than one year	7,561	6,741
Later than one year and not later than five years	25,481	22,175
Later than five years	130,196	82,853
<b>Total</b>	<b>163,238</b>	<b>111,769</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22 £0.47 Million contingent rents were received by the Authority (£1.27 million in 2020/21).

### 39. Termination Benefits and Exit Payments

Termination benefits are payable as a result of either:

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

There were no curtailment costs during 2021/22 included in the IAS19 report (There were none in 2020/21). These costs would be accounted for through the Comprehensive Income & Expenditure Statement as part of the IAS19 accounting, and therefore would not be recorded as termination costs which avoids double counting.

#### Exit Payments

Exit payments are required to be disclosed in bands of £20,000 up to £100,000 and bands of £50,000 thereafter, shown on Note 33 (pages 73 to 74). The exit payment includes Pension Strain costs on termination as well as redundancy and other payments. However, Pension Strain costs represent a future liability rather than a current year payment. The termination costs and IAS 19 Curtailment costs do not include redundancy payments which are included in the disclosure note for exit payments.

The Council terminated the contracts of a number of employees in 2021/22, incurring total costs of £0.084 million (£0.120 million in 2020/21).

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 40. Defined Benefit Pension Scheme

#### a) Participation in the Pension Scheme

As part of the terms and conditions of employment of its Officers, the Council makes contributions towards the costs of Scheme Member Employment Benefits. Although these benefits will not actually be payable until an employee retires, the Council has a commitment to make the payments at the time that the employee earns their future entitlements. Due to arrangements with Oxford Direct Services Limited and Oxfordshire Pension Fund all IAS19 pension transactions in relation to Oxford City Council and Oxford Direct Services Limited are accounted for in the Council's single entity accounts, excepting the contributions made by Oxford Direct Services Limited which will be accounted for in the accounts of that entity.

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

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

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

	Local Government Pension Scheme	
	2021/22 £'000	2020/21 £'000
<b>Cost of Services</b>		
Current Service Cost	20,452	12,006
Past Service Costs	16	111
<b>Financing and Investment Income and Expenditure</b>		
Interest Cost	4,436	3,394
<b>Total Post Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services</b>	<b>24,904</b>	<b>15,511</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)	(29,636)	(58,741)
Other actuarial (gains) / losses on assets	887	(4,412)
Changes in Financial Assumptions	(41,019)	120,971
Actuarial gains and losses arising on the change of demographic assumptions	(2,537)	6,064
<b>Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(72,305)</b>	<b>63,882</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(47,401)</b>	<b>79,393</b>
	<b>2021/22 £'000</b>	<b>2020/21 £'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	(24,904)	(15,511)
<b>Actual amount charges against the General Fund Balance for pensions in the year</b>		
Employers' Contributions Payable to Scheme	4,250	9,253

## NOTES TO THE CORE FINANCIAL STATEMENTS

### c) Basis for Estimating Assets and Liabilities

Both the Local Government Pension Scheme and discretionary benefit liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. In order to assess the value of the Employer's liabilities in the Fund as at 31 March 2022, the actuary has rolled forward the value of the Employer's liabilities calculated at the latest formal valuation date, allowing for the different financial assumptions required under the Accounting Standard at the reporting date. The liabilities are discounted to their value at current prices, using a discount rate of 2.0%. The discount rate used is based on the Hymans Robertson corporate bond yield curve constructed based on the constituents of the iBoxx AA corporate bond index. In calculating the current service cost the actuary has allowed for changes in the Employer's pensionable payroll as estimated from contribution information provided. In calculating the asset share, the actuary has rolled forward the Employer's share of the assets calculated at the latest formal valuation date, the effect of contributions paid into, and estimated benefits paid from, the Fund by the Employer and its employees.

The principal assumptions used by the actuary are:

	2021/22	2020/21
<b>Mortality Assumptions:</b>		
<b>Longevity at 65 for Current Pensioners</b>		
Men	22.2	22.4
Women	24.5	24.7
<b>Longevity at 65 for Future Pensioners</b>		
Men	23.1	23.4
Women	26.1	26.3
<b>Rate of Inflation</b>		
CPI	3.20%	2.85%
Rate for Discounting Scheme Liabilities	2.70%	2.00%
Rate of Increase in Pensions	3.20%	2.85%
Rate of increase in Salaries	3.20%	2.85%
Take up option to convert annual pension to lump sum	50.00%	50.00%

### Members Assumption

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

### d) Prepayment

During 2020/21, the Council made a prepayment of pension payments of £5.0 million which serves to reduce the employers pension contribution percentage charged to the Council and its wholly owned company, Oxford Direct Services Limited, for the 2020/21 financial year and the subsequent two financial years. Oxford Direct Services are separately refunding the saving achieved by the company to the Council.

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2021/22 £'000	2020/21 £'000
Opening Balance 1 April	554,775	417,724
Current Service Cost	20,452	12,006
Interest Cost	11,472	9,879
Actuarial (Gains) and Losses from Changes in Financial Assumptions	(41,019)	120,971
Changes in demographic assumptions	(2,537)	6,064
Experience (Gain) / Loss on Defined Benefit Obligation	887	(4,412)
Benefits Paid	(10,465)	(10,064)
Past Service Cost Including Curtailments	16	111
Contributions by Scheme Participants	2,966	2,972
Unfunded Pension Payments	(460)	(476)
<b>Closing Balance 31 March</b>	<b>536,087</b>	<b>554,775</b>

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

	2021/22 £'000	2020/21 £'000
<b>Opening Fair Value of Scheme Assets 1 April</b>	<b>340,881</b>	<b>273,971</b>
Interest Income	7,036	6,485
Return on Plan Assets Less Interest	29,636	58,741
Employers Contributions	3,790	8,776
Contributions by Scheme Participants	2,966	2,972
Settlements	(10,465)	(10,064)
<b>Closing Balance 31 March</b>	<b>373,844</b>	<b>340,881</b>

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

	2021/22 £'000	2020/21 £'000
<b>Present Value of Liabilities</b>		
Present value of the defined benefit obligation	(528,398)	(546,378)
Fair Value of Assets in the Local Government Pension Scheme	373,844	340,881
Present Value of Unfunded Obligation	(7,689)	(8,397)
<b>Surplus/(Deficit) in the Scheme</b>	<b>(162,243)</b>	<b>(213,894)</b>

### Sensitivity Analysis

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

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

#### Changes in assumptions at 31 March 2022

	Approximate % Increase to Employers Liability	Approximate Monetary amount £000's
0.1% decrease in Real Discount Rate	2%	11,214
1 year increase in member life expectancy	4%	22,026
0.1% Increase in the Salary Increase Rate	0%	937
0.1% Increase in the Pension Increase Rate (CPI)	2%	10,199



## NOTES TO THE CORE FINANCIAL STATEMENTS

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

### Notes:

In order to quantify the impact of a change in the financial assumptions used, the change has been calculated and compared the value of the scheme liabilities as at 31 March 2022 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures. The above figures have been derived based on the membership profile of the Council as at the date of the most recent actuarial valuation.

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

### The Local Government Pension Scheme Assets Comprised:

	Fair Value of Scheme	
	2021/22 £'000	2020/21 £'000
<b>Cash and Cash Equivalents</b>	8,124.6	12,076.0
<b>Debt Securities</b>		
By Sector		
UK Govt	7,677.3	27,875.5
Other	2,033.3	8,773.9
<b>Private Equity</b>	18,379.9	14,812.4
<b>Investment Funds and Unit Trusts</b>		
Equities	207,873.9	195,614.9
Bonds	29,632.2	24,451.8
Infrastructure	11,076.7	6,095.4
Others	89,075.1	50,794.2
<b>Derivatives</b>		
Foreign Exchange	(27.7)	387.6
Other	(0.6)	-
<b>Total</b>	<b>373,844.7</b>	<b>340,881.7</b>

#### 41. Contingent Liabilities

There are no contingent liabilities for 2021/22.

#### 42. Contingent Assets

There are no contingent assets for 2021/22.

#### 43. Exceptional items

In 2021/22 and 2020/21 the Council received significant levels of grants, many of which were to pay to local residents as financial support, relating to the COVID-19 pandemic. These are identified in the Grants note.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 44. Going Concern

The Council has carried out a detailed assessment of the likely impact of Covid-19 and other pressures on its financial position and performance during 2021/22 and the Medium Term Financial Plan (MTFP) and the 2022/23 Budget reflect the anticipated impact of the pandemic. This work has included consideration of the following: -

- ♦ Loss of income on a service by service basis, due to reduction in demand and increased collection losses.
- ♦ Additional expenditure on a service by service basis, e.g. provision of new and expanded services in response to the pandemic (such as additional costs relating to temporary accommodation for the homeless), and additional costs associated with changes to working practices (such as remote working).
- ♦ Changes to government policy, e.g. changes to business rate reliefs, guidance on supplier relief, additional funding for local authorities, and additional responsibilities which sit alongside this.
- ♦ The impact on the Council's capital programme, e.g. delays caused by government restrictions, and any rephase of work for other reasons.
- ♦ The impact on the Council's subsidiaries and joint ventures.
- ♦ The impact of all of the above on the Council's cash flow and treasury management, including availability of liquid cash (as at 31st March 2022 the Council has around £112 million short term investments, impact on investment returns, and availability of external borrowing if required).
- ♦ The estimated overall impact on the Council's General Fund and Housing Revenue Account reserves.

Date	General Fund Balance	General Fund Earmarked Reserves	Housing Revenue Account Balance	Housing Revenue Account Earmarked Reserves
	£'000	£'000	£'000	£'000
31 March 2020	3,622	40,384	4,000	32,091
31 March 2021	3,622	69,132	4,000	39,633
31 March 2022	3,622	52,752	4,000	13,900
31 March 2023	3,622	50,772	4,000	13,964
31 March 2024	3,622	46,726	4,000	14,055

- ♦ In recent years the Council's reserves have increased to ensure financial robustness and sustainability. As at the end of the 2020/21 financial year, the Council held a £11.3 million earmarked reserve in order to assist with balancing deficits expected over the next 4 year period. The Council's reported and projected balances, are as follows (with audited figures up to 31st March 2020, figures as at 31st March 2021 included in these statements of accounts and all subsequent figures being forecast):

The Council manages its cashflow to ensure that it has a reasonable amount of liquid cash that can be accessed readily. The Council normally aims to have at least £5m invested in overnight money market funds and instant access deposit accounts. The Council is able to borrow short term from other Local authorities if required and has access to longer term borrowing from the PWLB within two working days, borrowing against its internal borrowing within the Council's Capital Financing Requirement; the Council is significantly under-borrowed compared to its Capital Financing Requirement and would therefore be able to borrow should any cashflow issues arise.

## NOTES TO THE CORE FINANCIAL STATEMENTS

The Council has taken temporary borrowing during 2021/22 to repay £36m section 31 grant paid to the Council by the Government to alleviate cashflow pressures during the pandemic because the timing for the repayment of this was uncertain and it was not considered prudent to retain this amount in cash investments. This temporary borrowing will be repaid from maturing fixed term investments over the period to September 2022. The Council has not taken any long term borrowing for capital purposes in 2021/22 but is planning to borrow around £117 million during 2022/23 of which £70 million is for HRA purposes. A further £132 million borrowing is planned for 2023/24 of which £123 million is for HRA purposes. This borrowing is for capital purposes for both years.

The Council recognises that there remains a large degree of uncertainty over the future and the key risk areas have been assessed and the impacts reflected in financial projections. Where there are changes, this will clearly have an impact on the assumptions that sit behind the financial modelling and this will therefore be monitored on an ongoing basis and revised as appropriate. The Council therefore has formed its plans using prudent estimates and included mitigations and contingencies.

In terms of the Council's Group Accounts, Covid-19 has had a significant short-term impact on the turnover and income of Oxford Direct Services Limited, a wholly owned company of Oxford City Council. It is currently too early to tell what the medium and longer-term impact will be for certain although it is fair to say that the profitability of the company and therefore the dividend will be reduced in the short term. However, the Company has accessed all the government support mechanisms available to it and is working with the Council to review options to ensure that they can continue to deliver services sustainably for the foreseeable future including for the period of 12 months after the accounts are approved for issue. Additionally, the Company did not pay a dividend to the Council relating to 2019/20 or 2020/21 and there are risks to the previously planned dividend for 2021/22 which has been incorporated in the Council's overall financial assessments. The Council's Housing Company, Oxford City Housing Limited, has reworked its business plans due to delays in its development programme and cost increases. This business plan refresh now incorporates stage payments on contracts from the Council Housing Revenue Account which will result in earlier profits in the company business plan than previously anticipated and therefore earlier payment of dividends than previously anticipated which will benefit the Council's Medium Term Financial Plan.

Based on the Council's latest assessments, the Council will need to use £7.9 million of reserves over the next two years and make other savings and efficiencies. This is assuming there is no extra funding not already announced from central Government and no re-prioritisation of services or alternative service provision. The General Fund balance as at 31 March 2021, including earmarked reserves, is £72.754 million, which consists of General Fund balance of £3.622 million and Earmarked Reserves of £69.132 million and includes £23.895 million earmarked for future NNDR deficits due to the discounts awarded in 2020/21. This is projected to be £44.885 million and £42.401 million as at 31 March 2022 and 31 March 2023 respectively, which consists of General Fund balances of £3.622 million in each year and Earmarked Reserves of £41.263 million and £38.779 million. In his Section 25 report issued in February 2022 the Council's Section 151 Officer concluded that this level of reserve is satisfactory in the medium term provided there are no further significant financial implications arising.

It is therefore noted that there is significant headroom within the General Fund to absorb estimated financial impacts in the short to medium-term with financial planning in place through to 12 months from the authorization of these accounts. Furthermore, as previously explained, the Code requires that local authorities prepare their accounts on a going concern basis as they can only be discontinued under statutory prescription. For these reasons, the Council considers that the financial statements should be prepared on a going concern basis.

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# **SUPPLEMENTARY FINANCIAL STATEMENTS**

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## HOUSING REVENUE ACCOUNT

### Housing Revenue Account Income and Expenditure Statement

	Note	2021/22 £'000	2020/21 £'000
<b>Expenditure</b>			
Repairs & Maintenance		15,078	12,213
Supervision & Management		12,858	10,323
Rents, Rates, Taxes & Other Charges		291	142
Depreciation and Impairment of Non-Current Assets		17,936	14,697
Movement in the Allowance for Bad Debts (not specified by the Code)		623	104
Sums directed by the Secretary of State that are expenditure in accordance with the code		39	57
<b>Total Expenditure</b>		<b>46,825</b>	<b>37,536</b>
<b>Income</b>			
Dwelling Rents (Gross)		(42,532)	(41,985)
Non Dwelling Rents (Gross)		(288)	(299)
Charges for Services & Facilities		(3,094)	(3,297)
<b>Total Income</b>		<b>(45,914)</b>	<b>(45,581)</b>
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		911	(8,045)
HRA Services' share of Corporate and Democratic Core		206	207
<b>Net Income for HRA Services</b>		<b>1,117</b>	<b>(7,838)</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		(4,306)	(1,522)
Interest Payable and Similar Charges		7,638	7,704
Interest and Investment Income	H2.6	(120)	(206)
Capital Grants and Contributions Receivable		-	(255)
<b>(Surplus)/Deficit for the year on HRA Services</b>		<b>4,329</b>	<b>(2,117)</b>

## HOUSING REVENUE ACCOUNT

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

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

- the gain or loss on the disposal of HRA assets has to be reversed before a final balance is calculated; and
- any impairment on HRA assets, either due to economic consumption or valuation, has to be reversed from the account before a statutory balance can be finalised.

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

#### MOVEMENT ON THE HRA STATEMENT

	2021/22 £'000	2020/21 £'000
<b>Balance on the HRA at the end of the Previous Year</b>	<b>(4,000)</b>	<b>(4,000)</b>
(Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	4,329	(2,117)
Adjustments between Accounting Basis and Funding Basis Under Statute		
- Difference between any other item of income and expenditure	14	(69)
- Gain or loss on sale of HRA non-current assets	4,306	1,522
- HRA share of contributions to or from the Pensions Reserve	(1,421)	(212)
- Capital expenditure funded by the HRA	28,798	597
- Transfer to/from the Major Repairs Reserve	(491)	(476)
- Transfer to/from the Capital Adjustment Account	(9,801)	(6,790)
- Transfer to/from the Capital Grants Unapplied Account	-	-
<b>Net Increase/(Decrease) before Transfers to or from Reserves</b>	<b>25,734</b>	<b>(7,545)</b>
Transfer (to)/from Reserves	(25,734)	7,545
<b>Increase/(Decrease) in Year on the HRA</b>	<b>-</b>	<b>-</b>
<b>Balance on the HRA at the end of the Current Year</b>	<b>(4,000)</b>	<b>(4,000)</b>



## NOTES TO THE HOUSING REVENUE ACCOUNT

### H1. Housing and Garage Stock Numbers

	2021/22	2020/21
<b>Houses</b>		
1 bedroom	271	277
2 bedrooms	830	822
3 bedrooms	2,804	2,797
More than 3 bedrooms	298	282
<b>Flats</b>		
1 bedroom	1,663	1,611
2 bedrooms	1,763	1,717
3 bedrooms	156	162
More than 3 bedrooms	6	7
<b>Non Dwelling Properties</b>		
Hostels	-	7
<b>Overall Total</b>	<b>7,791</b>	<b>7,682</b>
<b>Summary of Changes in Stock</b>		
<b>Stock at 1 April</b>	<b>7,682</b>	<b>7,669</b>
Sales	(29)	(20)
Additions	138	33
<b>Stock at 31 March</b>	<b>7,791</b>	<b>7,682</b>
<b>Garages and Parking Spaces</b>		
Garages Within Curtilage	234	236
Parking Spaces	-	729
<b>Overall Total</b>	<b>234</b>	<b>965</b>
<b>Summary of Changes in Garages &amp; Parking Spaces</b>		
<b>Stock at 1 April</b>	<b>965</b>	<b>909</b>
Demolished/ Disposed	(2)	-
Additions to Parking Spaces	-	56
<b>Stock at 31 March</b>	<b>963</b>	<b>965</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

Following revaluation on 1 October 2021, the vacant possession value (EUV) of the Council's housing stock (Council Dwellings) amounted to £2,722 million. Application of the social housing factor of 33% (EUV-SH) to the general housing stock, representing the economic cost to government of providing council housing, resulted in a Balance Sheet value of £761.31 million. At 31 March 2022, application of the social housing factor to the general housing stock resulted in a total value of £766.77 million.

The table below shows the HRA property values at appropriate measures of Fair Value as at 31 March 2022 along with comparatives for the previous year.:

	2021/22			2020/21		
	Cost or Valuation £'000	Depreciation £'000	Net Book Value £'000	Cost or Valuation £'000	Depreciation £'000	Net Book Value £'000
Council Dwellings	766,767	(3,875)	762,892	713,112	(7,294)	705,819
Other Land and Buildings	2,678	(57)	2,621	3,790	(640)	3,151
Vehicles, Plant, Furniture and Equipment	2,207	(318)	1,889	1,488	(49)	1,439
Assets Under Construction	2,832	-	2,832	978	-	978
Surplus Assets not Held for Sale	-	-	-	6	-	6
Assets Held for Sale	527	-	527	535	-	535
<b>As at 31 March</b>	<b>775,011</b>	<b>(4,250)</b>	<b>770,761</b>	<b>719,909</b>	<b>(7,982)</b>	<b>711,927</b>

### H2. Movement on the Major Repairs Reserve

	2021/22 £'000	2020/21 £'000
<b>Opening Balance</b>	<b>(5,646)</b>	-
Transfer from Capital Adjustment Account	(7,644)	(7,430)
Financing of Capital Expenditure (MRA Applied)	8,201	1,784
<b>Closing Balance</b>	<b>(5,089)</b>	<b>(5,646)</b>

### H3. Capital Expenditure and Financing

	2021/22 £'000	2020/21 £'000
Property, Plant and Equipment	44,154	20,948
Revenue Expenditure Funded from Capital under Statute	491	476
<b>Total Spend</b>	<b>44,645</b>	<b>21,424</b>
<b>Sources of Finance</b>		
Major Repairs Reserve	8,201	1,784
Grants and Contributions	3,650	255
Capital Receipts	2,706	3,394
Borrowing	856	15,649
Revenue Contributions to Capital	28,741	342
<b>Total Financing</b>	<b>44,154</b>	<b>21,424</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H4. Capital Receipts Received

	2021/22 £'000	2020/21 £'000
Land & Buildings	(9,703)	(2,645)
Less Administrative Costs	38	26
<b>Total</b>	<b>(9,665)</b>	<b>(2,619)</b>

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

Revenue expenditure funded from Capital under statute relates to capital expenditure which does not necessarily result in an asset. In 2021/22 this was £0.491 million (In 2020/21 this was £0.476 million).

### H6. Interest Received

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

	2021/22 £'000	2020/21 £'000
Interest on Cash Balances	(120)	(206)
<b>Total</b>	<b>(120)</b>	<b>(206)</b>

The Housing Revenue Account was debited with Item 8 interest of £7.636 million in 2021/22 which relates to the proportion of the borrowing interest chargeable to the Housing Revenue Account.

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

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

## NOTES TO THE HOUSING REVENUE ACCOUNT

### H8. Rent Arrears

	2021/22		2020/21	
	£'000	% of total rents due	£'000	% of total rents due
<b>Arrears Details</b>				
Current Tenants	1,639	3.67%	1,320	3.15
Former Tenants	675	1.51%	714	1.70
<b>Overall</b>	<b>2,314</b>	<b>5.18%</b>	<b>2,034</b>	<b>4.85</b>
<b>Total Rents due in Year</b>	<b>44,681</b>		<b>41,912</b>	

	2021/22 £'000	2020/21 £'000
<b>Doubtful Debt provision</b>		
<b>Opening Balance</b>	<b>764</b>	<b>940</b>
Write-offs in Year	(497)	(225)
Additional Provision	552	49
<b>Closing Balance</b>	<b>819</b>	<b>764</b>

### H9. Capital Commitments

<u>Description</u>	<u>Contractor</u>	2021/22 £'000	2020/21 £'000
Deed of Professional Appointment relating to the Barton	Arcadis Llp	700,000	-
Engineering Services Framework	Stantec Uk Limited	499,300	-
Building Surveying Services	Ian Bridge Consultancy Limited	477,445	-
Engineering Services Framework	Wilde Consultants Ltd	436,300	-
Framework Agreement for the Provision of a Lift Replac	Lift & Engineering Services Ltd	420,810	-
Lift Replacement Works Programme Framework	Axis Elevators Ltd	406,763	-
Building Surveying Services	Ridge & Partners Llp	165,146	-
Purchase of properties at Glanville Road	Cantay Estates via Veale Wasbrough	-	3,043
Kitchen and Bathroom Works	Oxford Direct Services Limited	-	2,693
Heating Works	Oxford Direct Services Limited	-	1,573
Rewiring Work	Oxford Direct Services Limited	-	1,260
Refurbishment of Tower Blocks	Fortem Energy Services Limited	-	1,338
Estate Enhancements & Regeneration	Oxford Direct Services Limited	-	1,047
Purchase of properties at Sandford Road	Abbey Homes	-	966
Adaptations for Disabled	Oxford Direct Services Limited	-	704
Major Void Works	Oxford Direct Services Limited	-	472
Supply of Windows & Doors	Nationwide	-	447
Supply & Fix of Communal Entrance Doors & Screens	Warrior Doors	-	191
<b>Total HRA Capital Commitments</b>		<b>3,105,764</b>	<b>13,734</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 2021/22 £'000	Council Tax 2021/22 £'000	Total 2021/22 £'000	Business Rates 2020/21 £'000	Council Tax 2020/21 £'000	Total 2020/21 £'000
<b>Note</b>						
<b>Income</b>						
Council Tax Receivable	-	(97,274)	(97,274)	-	(92,759)	(92,759)
Council Tax Support - Hardship Payments	-	-	-	-	(668)	(668)
Business Rate Receivable	(82,222)	-	(82,222)	(49,046)	-	(49,046)
<b>Sub Total</b>	<b>(82,222)</b>	<b>(97,274)</b>	<b>(179,496)</b>	<b>(49,046)</b>	<b>(93,427)</b>	<b>(142,473)</b>
<b>Expenditure</b>						
Central Government share of PY Deficit/(Surplus)	(28,996)	-	(28,996)	(37)	-	(37)
Oxford City share of PY Deficit/(Surplus)	(23,197)	(70)	(23,267)	(30)	51	21
Oxfordshire County share of PY Deficit/(Surplus)	(5,799)	(335)	(6,134)	(7)	238	231
Police & Crime Commissioner share of PY Deficit/(Surplus)	-	(47)	(47)	-	33	33
<b>Sub Total</b>	<b>(57,992)</b>	<b>(452)</b>	<b>(58,444)</b>	<b>(74)</b>	<b>322</b>	<b>248</b>
<b>Precepts, Demands and Shares</b>						
Central Government Share	50,461	-	50,461	51,504	-	51,504
Oxford City Share	40,369	14,911	55,280	41,203	14,679	55,882
Oxfordshire County Precept Share	10,092	71,900	81,992	10,301	70,103	80,404
Police & Crime Commissioner share of PY Precepts Share	-	10,571	10,571	-	9,926	9,926
<b>Sub Total</b>	<b>100,922</b>	<b>97,382</b>	<b>198,304</b>	<b>103,008</b>	<b>94,708</b>	<b>197,716</b>
<b>Disregarded Amounts</b>						
Renewable Energy	14	-	14	11	-	11
<b>Sub Total</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>11</b>	<b>-</b>	<b>11</b>
<b>Charges</b>						
Transitional Protection due to Central Government	599	-	599	(515)	-	(515)
Write Offs	498	247	745	298	237	525
Increase/(Decrease) in Bad Debt Provision	2,227	342	2,569	596	309	905
Increase/(Decrease) in Provision for Appeals	856	-	856	8,042	-	8,042
Appeals charged to the Collection Fund	(4,827)	-	(4,827)	(3,514)	-	(3,514)
Cost of Collection	237	-	237	234	-	234
<b>Sub Total</b>	<b>(410)</b>	<b>589</b>	<b>179</b>	<b>5,131</b>	<b>546</b>	<b>5,677</b>
<b>(Surplus)/Deficit arising during year</b>	<b>(39,688)</b>	<b>245</b>	<b>(39,443)</b>	<b>59,030</b>	<b>2,149</b>	<b>61,179</b>
<b>(Surplus)/Deficit brought forward 1st April</b>	<b>59,738</b>	<b>1,833</b>	<b>61,571</b>	<b>708</b>	<b>(316)</b>	<b>392</b>
<b>(Surplus)/Deficit Carry forward</b>	<b>20,050</b>	<b>2,078</b>	<b>22,128</b>	<b>59,738</b>	<b>1,833</b>	<b>61,571</b>

## NOTES TO THE COLLECTION FUND

### CF1. 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 2021/22 Council Tax including precepts was set at £326.25 for a Band D property (£319.84 for 2020/21). 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	2,657	1,396.4	6/9	930.7
B	9,688	5,607.6	7/9	4,361.5
C	19,300	14,399.2	8/9	12,799.3
D	15,944	12,559.0	9/9	12,559.0
E	7,220	5,635.1	11/9	6,887.3
F	2,928	2,528.3	13/9	3,652.0
G	3,283	2,900.6	15/9	4,834.3
H	607	404.0	18/9	808.0
	<b>61,627</b>	<b>45,430.2</b>		<b>46,832.2</b>
Crown Properties				-
Allowance of 2% for non-collection				(937)
Total				<b>45,895.5</b>

The amount due during the year based on actual properties and exemptions and discounts that occurred during the year was £97.274 million. Precepts for the year are calculated using the council tax base estimate which resulted in an overall precepted value of £97,382 million of which the amount for Oxford City Council is £14.911 million (45,706.6 multiplied by £326.25).

### CF2. Council Tax

In March 2020 Central Government recognised that due to COVID-19, some individuals might struggle to meet Council Tax Payments. Billing Authorities were thus awarded Grants that allowed them to reduce the council tax liability of individuals in their area by using their discretionary powers under s13A(1)C of the Local Government Finance Act 1992. **The total paid out up to 31/03/21 was £0.668 million.**

### CF3. Non-Domestic Rates

Under the arrangements for Business Rates, the Council collects Non-Domestic Rates for its area, based on local rateable values, multiplied by a uniform business rate. From April 2013 the Business Rates Retention Scheme has replaced the former scheme. The Council's "Total retained income" figure for 2021/22 was assessed at **£11.568 million** but the Council must pay a 50% Levy on income above the funding baseline of **£6.260 million**. The Council was required to pay to Central Government both the Central Share of **£50.461 million** plus the tariff figure of **£30.397 million**. In addition the Council was required to pay **£10.092 million** to Oxfordshire County Council.

The local rateable value (2017 Rating List) as at 31 March 2022 was **£283.4 million** (£283.4 million at 31 March 2021). The multiplier for 2021/22 was set at **51.2 pence** in the pound (51.2 pence for 2020/21). The current rating list came into force from April 1st 2017 and will remain in force until March 31st 2023.

**In Feb 2020 our estimated rates income for 2020/21 was £103.009 million. Due to the Government's scheme of Expanded Retail Relief introduced to help businesses during the pandemic, this was drastically reduced to £49.046 million. This resulted in the large Collection Fund deficit at 31/03/21.**

# **GROUP ACCOUNTS**

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## INTRODUCTION

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

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

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

The following pages include:

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

### Basis of Identification of the Group Boundary

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

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

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

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

## INTRODUCTION

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

The two ventures are as follows:

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

The accounting requirements in “IFRS 11 Joint Arrangements” state the presentation requirements basis for these joint ventures as the Equity method, and this means that a disclosure note is provided showing Oxford City Council’s share of the net assets and liabilities of these entities as at 31 March 2022. In addition “Disclosure of interests in Other Entities IFRS 12” requires disclosure of summary information for the joint venture as a whole and not just the Council’s share. The Council’s Group accounts show the long term investment in the Balance Sheet, and profits and losses in the Council’s Comprehensive Income and Expenditure.

The wholly owned subsidiaries are:

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

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

## SUBSIDIARIES

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

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

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

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

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

The Company made a surplus for the year of **£0.613 million** (£0.613 million in 2020/21) and did not declare a dividend in 2021/22, 2020/21 or 2019/20. Investing activities for the year ended involved the acquisition of vehicles through leases of **£3.254 million** (£3.254 million in 2020/21).

#### Financial Information on ODSL

##### Profit & Loss Account

	2020/21 £'000	2019/20 £'000
Revenue	(57,316)	(61,064)
Cost of Sales	42,231	44,281
<b>Gross Profit</b>	<b>(15,085)</b>	<b>(16,783)</b>
Administrative Expenses	13,565	14,745
<b>Operating (Profit) / Loss</b>	<b>(1,520)</b>	<b>(2,038)</b>
Interest Charges / (Income)	830	1,004
<b>(Profit) / Loss Before Taxation</b>	<b>(690)</b>	<b>(1,034)</b>
Tax on Profit	77	(36)
<b>Total Comprehensive Income and Expenditure (Profit) / Loss</b>	<b>(613)</b>	<b>(1,070)</b>

## SUBSIDIARIES

<b>Balance Sheet</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Property Plant and Equipment	15,425	14,481
Long Term Debtors	-	30
<b>Non-current Assets</b>	<b>15,425</b>	<b>14,511</b>
Inventories	683	691
Debtors	6,345	6,914
Contract Assets	2,885	2,082
Cash and Cash Equivalents	2,093	-
<b>Current Assets</b>	<b>12,006</b>	<b>9,687</b>
Long Term Creditors	(51)	-
<b>Non-current Liabilities</b>	<b>(51)</b>	<b>-</b>
Cash and Cash Equivalents	-	(740)
Creditors	(11,917)	(9,571)
Contract Liabilities	(19)	-
<b>Current Liabilities</b>	<b>(11,936)</b>	<b>(10,311)</b>
<b>Net Assets</b>	<b>15,444</b>	<b>13,887</b>
<b>Financed By:</b>		
Finance Lease Liabilities	13,155	12,211
Equity	2,289	1,676
Total Equity and liabilities	<b>15,444</b>	<b>13,887</b>
<b>Members' interests</b>	<b>Oxford City</b>	<b>Oxford City</b>
	<b>Share</b>	<b>Share</b>
	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Finance Leases	13,155	12,211
Equity	2,289	1,676
<b>Oxford City Council Interests as at 31 March</b>	<b>15,444</b>	<b>13,887</b>

### Oxford City Council Commitment to ODSL

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

## SUBSIDIARIES

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

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

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

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

The Company made a surplus for the year of **£0.188 million** (£0.188 million in 2020/21) and did not declare a dividend in 2021/22, 2020/21 or 2019/20. There have been no Investing activities for the year ended (none in 2020/21).

#### Financial Information on ODSTL

<b>Profit &amp; Loss Account</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	(2,711)	(4,344)
Cost of Sales	1,809	3,029
<b>Gross Profit</b>	<b>(902)</b>	<b>(1,315)</b>
Administrative Expenses	652	1,204
<b>Operating (Profit) / Loss</b>	<b>(250)</b>	<b>(111)</b>
Interest Charges / (Income)	18	(7)
<b>Profit Before Taxation</b>	<b>(232)</b>	<b>(118)</b>
Tax on Profit	44	22
<b>Total Comprehensive Income and Expenditure (Profit) / Loss</b>	<b>(188)</b>	<b>(96)</b>

## SUBSIDIARIES

<b>Balance Sheet</b>	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
Debtors	784	345
Cash and Cash Equivalents	288	878
<b>Current Assets</b>	<b>1,072</b>	<b>1,223</b>
Creditors	(776)	(1,116)
<b>Current Liabilities</b>	<b>(776)</b>	<b>(1,116)</b>
<b>Net Assets</b>	<b>296</b>	<b>107</b>
<b>Financed By:</b>		
Equity	296	107
Total Equity and liabilities	<b>296</b>	<b>107</b>

<b>Members' interests</b>	<b>Oxford City Share 2020/21 £'000</b>	<b>Oxford City Share 2019/20 £'000</b>
Equity	296	107
<b>Oxford City Council Interests as at 31 March</b>	<b>296</b>	<b>107</b>

### **Oxford City Council Commitment to ODSTL**

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

## SUBSIDIARIES

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

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

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

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

The Company made a surplus for the year of **£0.120 million** (surplus of £0.120 million in 2020/21). Investing activities for the purchase of operational property in the year ended was **£3.253 million** (£3.253 million in 2020/21).

#### Financial Information on OCHL

<b>Profit &amp; Loss Account</b>	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
Other Income	(743)	(446)
Expenses	1,182	615
<b>Operating (Profit) / Loss</b>	<b>439</b>	<b>169</b>
Interest Charges	1,019	565
<b>Loss from Continuing Operations</b>	<b>1,458</b>	<b>734</b>
<b>Other Comprehensive Expenditure</b>	<b>(1,578)</b>	<b>(2,263)</b>
<b>Total Comprehensive Income and Expenditure (Profit) / Loss</b>	<b>(120)</b>	<b>(1,529)</b>



## SUBSIDIARIES

<b>Balance Sheet</b>	<b>2020/21 £'000</b>	<b>2019/20 £'000</b>
Operational Property	17,935	13,197
Assets Under Construction	-	5,389
<b>Non-current Assets</b>	<b>17,935</b>	<b>18,586</b>
Inventories	25,830	-
Debtors	701	173
Cash and cash equivalents	166	-
<b>Current Assets</b>	<b>26,697</b>	<b>173</b>
Amounts falling due within one year	(1,347)	(1,343)
Cash and cash equivalents	-	(1,900)
<b>Current Liabilities</b>	<b>(1,347)</b>	<b>(3,243)</b>
<b>Net Assets</b>	<b>43,285</b>	<b>15,516</b>
<b>Financed By:</b>		
Long term loans	41,706	13,998
Short term loans	-	-
	<b>41,706</b>	<b>13,998</b>
Equity	1,579	1,518
<b>Total Equity and liabilities</b>	<b>43,285</b>	<b>15,516</b>
<b>Members' interests</b>	<b>Oxford City Share 2020/21 £'000</b>	<b>Oxford City Share 2019/20 £'000</b>
Loans to OCHL	41,706	13,998
Equity	1,579	1,518
<b>Oxford City Council Interests as at 31 March</b>	<b>43,285</b>	<b>15,516</b>

### Oxford City Council Commitment to OCHL

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

## JOINT VENTURES

### G4. Barton Oxford LLP

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

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

The Council transferred land to the LLP on 31 October 2011. Based on the Members' Agreement and the financial projections of the development it is no longer anticipated that the payment for the land will now be received. The land debt has therefore been fully impaired in both the Council's accounts and in the accounts of the LLP. Due to the Council no longer anticipating any return from the LLP, the LLP has been consolidated into the Council's Group Accounts at nil value.

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

### Financial Information on Barton LLP

#### Profit & Loss Account

	2020/21 £'000	2019/20 £'000
Sales	-	(10)
<b>Gross Profit</b>	<b>-</b>	<b>(10)</b>
Expenses	14	14
<b>Operating (Profit) / Loss</b>	<b>14</b>	<b>4</b>
Interest receivable	(454)	(861)
<b>Total Comprehensive Income and Expenditure (Profit) / Loss</b>	<b>(440)</b>	<b>(857)</b>

#### Balance Sheet

	2020/21 £'000	2019/20 £'000
Development Properties	23,700	15,401
Debtors	39	10,969
Cash and cash equivalents	108	105
<b>Current Assets</b>	<b>23,847</b>	<b>26,475</b>
Amounts falling due within one year	(2,332)	(6,902)
<b>Current Liabilities</b>	<b>(2,332)</b>	<b>(6,902)</b>
<b>Net Assets attributable to members</b>	<b>21,515</b>	<b>19,573</b>

## JOINT VENTURES

### Members' interests

Capital classified as a liability

Other reserves classified as equity

### Members' Interests as at 31 March

Barton Oxford LLP as at 31 March 2021		
Oxford City Share £'000	Grosvenor D L Share £'000	Total £'000
-	21,598	21,598
-	(83)	(83)
-	<b>21,515</b>	<b>21,515</b>

Capital classified as a liability

Other reserves classified as equity

### Members' Interests as at 31 March

Barton Oxford LLP as at 31 March 2020		
Oxford City Share £'000	Grosvenor D L Share £'000	Total £'000
-	20,096	20,096
-	(523)	(523)
-	<b>19,573</b>	<b>19,573</b>

### Oxford City Council Commitment to Barton LLP

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

## JOINT VENTURES

### G5. OxWED LLP

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

The OxWED scheme involves the acquisition of railway lands jointly with Nuffield College and combines the site with the Council's adjoining holdings and promotes mixed-use development. Nuffield College has entered into a JV partnership with the Council through an investment vehicle on a 50:50 basis and has invested half the cost of the acquisition of the LCR land. The adjoining Council land was transferred to Oxford West End Development Limited during 2018/19 at a value of £8.4 million which was funded by loans to the same value, split 50:50 between the Council and Nuffield College. During 2020/21, the Council's share in the limited company was sold to Nuffield and the company was subsequently renamed Nuffield College Developments 1 Limited. At the same time, a Limited Liability Partnership (OxWED LLP) was formed with two 50:50 owners, Oxford City Council and Nuffield College Developments 1 Limited and the loan debt and the land was transferred from the Limited Company to the OxWED LLP.

50% of the net liabilities of **£4.958 million** (£4.958 million in 2020/21) have been incorporated in to the Council's Group Accounts.

The LLP is in the process of deciding on a development plan and selecting a partner to take the scheme through planning and the build stage. The development will proceed with planning permission sought, strategic infrastructure being installed, and onward sale of plots for development of housing and commercial properties.

OxWED LLP made a loss for the year of **£2.331 million** (£2.331 million in Oxford West End Developments Limited in 2020/21) of which the Council is responsible for half.

#### Financial Information on OxWED (Oxford West End Developments Limited in 2020/21)

##### Profit & Loss Account

	2020/21 £'000	2019/20 £'000
Cost of Sales		-
<b>Gross Profit</b>	-	-
Other Income	(444)	(743)
Expenses	1,108	635
<b>Operating (Profit) / Loss</b>	<b>664</b>	<b>(108)</b>
Interest charges	1,667	1,562
<b>Loss from Continuing Operations</b>	<b>2,331</b>	<b>1,454</b>
<b>Total Comprehensive Income and Expenditure (Profit) / Loss</b>	<b>2,331</b>	<b>1,454</b>

##### Balance Sheet

	2020/21 £'000	2019/20 £'000
<b>Non Current Assets</b>	-	-
Inventories	21,342	21,342
Debtors	208	369
Cash and cash equivalents	827	277
<b>Current Assets</b>	<b>22,377</b>	<b>21,988</b>
Amounts falling due within one year	(6,542)	(4,822)
<b>Current Liabilities</b>	<b>(6,542)</b>	<b>(4,822)</b>
<b>Net Assets attributable to members</b>	<b>15,835</b>	<b>17,166</b>

## JOINT VENTURES

### Members' interest

Capital classified as a liability  
Other reserves classified as equity

### Members' Interests as at 31 March

Oxford West End Development Limited as at 31 March 2021		
Oxford City Share £'000	Nuffield College Share £'000	Total £'000
11,260	11,260	22,520
(3,233)	(3,452)	(6,685)
<b>8,027</b>	<b>7,808</b>	<b>15,835</b>

Capital classified as a liability  
Other reserves classified as equity

### Members' Interests as at 31 March

Oxford West End Development Limited as at 31 March 2020		
Oxford City Share £'000	Nuffield College Share £'000	Total £'000
10,760	10,760	21,520
(1,877)	(2,477)	(4,354)
<b>8,883</b>	<b>8,283</b>	<b>17,166</b>

### Oxford City Council Commitment to OxWED

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

## BASIS OF ACCOUNTING

Oxford City Council Statement of Accounts are prepared on an IFRS basis, as modified for public sector application, which include revaluation of assets when and where appropriate. The Group Accounts of Oxford City Council incorporate the financial statements of Barton Oxford LLP, the Oxford West End Development Company (up to 2020/21), OxWED LLP in 2021/22 and Oxford City Housing Limited (OCHL). Oxford City Council are joint members of the LLP with Grosvenor Development Limited, are joint owners of OxWED with Nuffield College Developments 1 Limited and are sole owners of OCHL, ODSL and ODSTL.

### Accounting Policies

Accounting Policies of Oxford City Council, the LLPs and the Companies have been considered to ensure the underlying accounting standards are compatible for the Group. In all respects the standards are compatible for 2021/22 and 2020/21. Cash and cash equivalents, debtors and creditors are all provided on the same basis. The development expenditure of the LLP is recorded at the lower of cost and net realisable value. Cost includes the cost of acquisition, professional fees and construction costs but excludes overheads. This is compatible with Oxford City Council accounting policies in that the assets are under construction and therefore recorded at cost under IFRS. Therefore in all material respects for 2021/22 and 2020/21 the accounting policies are materially aligned.

#### Oxford City Housing Limited (OCHL)

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

#### Oxford Direct Services Limited (ODSL)

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

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

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

#### Barton Oxford LLP

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

#### OxWED LLP

The OxWED LLP financial statements have been prepared under IFRS rules. Where there are options for accounting treatment, the option chosen has been compatible with the Public Sector adaptation in the Code as published by CIPFA. The accounts are therefore directly compatible with the Oxford City Council accounts. The LLP was incorporated in December 2021.

## METHOD OF CONSOLIDATION

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

Significant transactions with the entities:

Oxford City Council has provided capital loans to OCHL of **£40.4 million** for the purchase of properties by OCHIL and undertaking property development by OCHDL of which **£13.6 million** was provided in previous years. Total loans including interest amount to **£41.7 million**. The loans are expected to be repaid in accordance with the cash flow of the Companies and **is not expected within the year**. It has been recorded in the Oxford City Council accounts as a long term debtor. There are also a number of debtors and creditors with the Council. These creditors and debtors are expected to be settled during the next financial year and are recorded as short term debtors and creditors in the Company and Council accounts.

Oxford City Council leases vehicles and property to ODSL. The vehicles are held as finance leases and therefore appear as debtors in the Council's accounts and as assets and a creditor in the Company accounts; the overall value of these is the same in both entities. The total value of the leases at the balance sheet date is **£7.4 million**. The property is held as operational leases within the Council's accounts and these therefore appear as assets in the Council and as expenditure and income in the ODSL and Council accounts respectively. There are also a number of trade debtors and creditors with the Council. These creditors and debtors are expected to be settled during the next financial year and are recorded as short term debtors and creditors in the Company and Council accounts.

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

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

Oxford City Council has provided capital loans to OxWED of **£10.7 million**. OxWED holds a total of **£14.4 million** in loans from the Council including interest and working capital; a loan of working capital of **£0.1 million** was advanced in **2020/21**. The loans are expected to be repaid when development on the site has been completed and are therefore recorded in the Oxford City Council accounts as long term debtors.

**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2022**

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 117).

	2020/21		2019/20	
	Gross Expenditure £'000	Gross Income £'000	Gross Expenditure £'000	Gross Income £'000
Communities & Customers Development	21,731	(15,623)	21,439	(12,026)
Chief Executive	6,694	(4,588)	8,172	(6,392)
ODS Development Director	3,199	(827)	2,881	(826)
Corporate Services	6,335	(11,958)	3,288	(12,294)
Housing Revenue Account (HRA)	20,322	(5,270)	17,604	(2,578)
Oxford Direct Services Ltd	24,914	(45,443)	21,878	(45,458)
Oxford City Housing Group	50,539	(21,235)	57,035	(23,196)
Service Level Agreements and Capital Charges	1,412	(736)	1,180	(445)
Corporate and Democratic Core	35,174	(21,770)	26,096	(19,848)
	47,862	(41,412)	48,103	(44,568)
<b>Cost of Services</b>	<b>218,182</b>	<b>(168,862)</b>	<b>207,676</b>	<b>(167,631)</b>
Other Operating Expenditure	3,750	-	1,810	(2,014)
Financing and Investment Income and Expenditure	20,327	(19,291)	23,704	(24,312)
Taxation and Non-Specific Grant Income	-	(37,458)	-	(31,274)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>242,259</b>	<b>(225,611)</b>	<b>233,190</b>	<b>(225,231)</b>
Share of (Surplus)/Deficit of Joint Ventures				
Tax Expenses			1,356	729
<b>Group (Surplus)/Deficit</b>			122	(13)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			<b>1,478</b>	<b>716</b>
(Surplus)/Deficit on Available for Sale Financial Instruments			(7,978)	(14,236)
Actuarial (Gains)/Losses on Pension Assets and Liabilities			-	-
<b>Other Comprehensive Income and Expenditure</b>			63,882	(79,775)
<b>Total Comprehensive Income and Expenditure</b>			<b>55,904</b>	<b>(94,011)</b>
			<b>74,030</b>	<b>(85,336)</b>

The services shown above reflect the new management structure of the Council which was put in place in 2019/20. The Group Comprehensive Income and Expenditure Statement figures for 2018/19 have been amended to reflect this new structure in order to provide proper comparatives.



**GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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

	Council's Usable Reserves £'000	Subsidiary Usable Reserves £'000	Total Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Unusable Reserves £'000	Total Group Reserves £'000
<b>Balance at 31st March 2019 carried forward</b>	<b>117,635</b>	<b>(27,484)</b>	<b>90,151</b>	<b>666,927</b>	<b>1,118</b>	<b>668,045</b>	<b>758,196</b>
<b>Movement in Reserves during 2019/20</b>							
Total Comprehensive Income and Expenditure	(8,378)	(297)	(8,675)	91,553	2,459	94,012	85,337
Adjustments between Group Accounts and Council Accounts	48,177	(48,177)	-	-	-	-	-
<b>Total Comprehensive Income and Expenditure</b>	<b>39,799</b>	<b>(48,474)</b>	<b>(8,675)</b>	<b>91,553</b>	<b>2,459</b>	<b>94,012</b>	<b>85,337</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	29,660	-	29,660	(29,660)	-	(29,660)	-
Annual Retained Earnings Transfers	-	9	9	-	(9)	(9)	-
Consolidation adjustments to profit	-	(145)	(145)	-	-	-	(145)
Dividend Payments	-	(1,247)	(1,247)	-	-	-	(1,247)
<b>Increase/(Decrease) in 2019/20</b>	<b>69,459</b>	<b>(49,857)</b>	<b>19,602</b>	<b>61,893</b>	<b>2,450</b>	<b>64,343</b>	<b>83,945</b>
<b>Balance at 31st March 2020 carried forward</b>	<b>187,094</b>	<b>(77,341)</b>	<b>109,753</b>	<b>728,820</b>	<b>3,568</b>	<b>732,388</b>	<b>842,141</b>
<b>Movement in Reserves during 2020/21</b>							
Total Comprehensive Income and Expenditure	(16,116)	(2,010)	(18,126)	(57,287)	1,383	(55,904)	(74,030)
Adjustments between Group Accounts and Council Accounts	71,244	(71,244)	-	-	-	-	-
<b>Total Comprehensive Income and Expenditure</b>	<b>55,128</b>	<b>(73,254)</b>	<b>(18,126)</b>	<b>(57,287)</b>	<b>1,383</b>	<b>(55,904)</b>	<b>(74,030)</b>
Adjustments between Accounting Basis & Funding Basis under Regulations	45,297	-	45,297	(45,297)	-	(45,297)	-
Annual Retained Earnings Transfers	-	29	29	-	(29)	(29)	-
Consolidation adjustments to profit	-	241	241	-	-	-	241
Dividend Payments	-	-	-	-	-	-	-
<b>Increase/(Decrease) in 2020/21</b>	<b>100,425</b>	<b>(72,984)</b>	<b>27,441</b>	<b>(102,584)</b>	<b>1,354</b>	<b>(101,230)</b>	<b>(73,789)</b>
<b>Balance at 31st March 2021 carried forward</b>	<b>287,519</b>	<b>(150,325)</b>	<b>137,194</b>	<b>626,236</b>	<b>4,922</b>	<b>631,158</b>	<b>768,352</b>

## GROUP BALANCE SHEET AS AT 31 MARCH 2022

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

	Note	2020/21 £'000	2019/20 £'000
Property, Plant & Equipment	2	916,110	907,556
Heritage Assets		3,341	2,899
Investment Properties		119,140	125,942
Intangible Assets		3,321	2,622
Long Term Investments	11	27,760	22,504
Long Term Debtors	11	80,057	80,739
<b>Long Term Assets</b>		<b>1,149,729</b>	<b>1,142,262</b>
Short Term Investments	11	55,500	66,500
Assets Held for Sale		860	3,017
Inventories	3	26,526	699
Short Term Debtors	5	55,433	27,365
Cash and Cash Equivalents	4 & 11	8,637	10,519
Contract Assets		99	60
<b>Current Assets</b>		<b>147,055</b>	<b>108,160</b>
Short Term Borrowing	11	-	(20,000)
Short Term Creditors	6	(74,864)	(38,405)
Contract Liabilities		(19)	-
<b>Current Liabilities</b>		<b>(74,883)</b>	<b>(58,405)</b>
Long Term Creditors	11	(580)	(508)
Provisions		(9,161)	(7,523)
Long Term Borrowing	11	(198,528)	(178,528)
Other Long Term Liabilities	11	(214,580)	(144,440)
Capital Grants Receipts in Advance		(30,700)	(18,876)
<b>Long Term Liabilities</b>		<b>(453,549)</b>	<b>(349,875)</b>
<b>Net Assets</b>		<b>768,352</b>	<b>842,142</b>
Usable Reserves	MIRS	(137,194)	(109,754)
Unusable Reserves		(631,158)	(732,388)
<b>Total Reserves</b>		<b>(768,352)</b>	<b>(842,142)</b>

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

This statement shows the total Cashflow for the whole group.

	Note	2020/21 £'000	2019/20 £'000
Net (Surplus)/Deficit on the Provision of Services		18,126	8,675
Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements		(8,249)	(8,888)
<b>Net Cash Flows from Operating Activities</b>		<b>9,877</b>	<b>(213)</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets		38,098	40,161
Purchase of Short-Term and Long-Term Investments		(5,907)	(7,227)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets		(10,340)	(12,429)
Other Capital Cash Receipts in Advance		(11,824)	(9,162)
<b>Total Cash Flows from Investing Activities</b>		<b>10,027</b>	<b>11,343</b>
Purchase of Long Term Borrowing		(20,000)	-
Repayment of Borrowing		20,000	-
Other receipts from Financing Activities		(18,022)	(7,016)
Payments for the reduction of a Finance Lease Liability		-	(1)
<b>Total Cash Flows from Financing Activities</b>		<b>(18,022)</b>	<b>(7,017)</b>
<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>		<b>1,882</b>	<b>4,113</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		(10,519)	(14,632)
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	4	<b>(8,637)</b>	<b>(10,519)</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 1. Financing and Investment Income and Expenditure

	2020/21 £'000	2019/20 £'000
Interest Payable and Similar Charges	6,476	6,478
Pensions Interest Costs and Expected Return on Pensions Assets	3,394	5,153
Finance Charges	(2,983)	(2,983)
Interest Receivable and Similar Income	(2,862)	(2,512)
Impairment of Barton Long Term Debt	-	-
Impairment of National Homelessness Property Fund	138	(198)
Income & Expenditure in Relation to Investment Properties and Changes in their Fair Value	(1,411)	(4,072)
Dividends	-	-
Other Investment Income	(1,716)	(2,474)
<b>Total</b>	<b>1,036</b>	<b>(608)</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 2 Property, Plant and Equipment Movements in 2021/22

	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 2020</b>	713,871	182,010	26,297	2,691	1,039	1,952	16,864	944,724
Additions	14,373	8,274	3,388	(2)	56	-	10,918	37,007
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(5,873)	2,773	-	-	-	(8)	-	(3,108)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,258)	(3,152)	-	-	-	(13)	-	(11,423)
Derecognition - disposals	-	(3,739)	(1,380)	-	-	-	-	(5,119)
Derecognition - other	(691)	-	-	-	-	-	-	(691)
Assets reclassified (to)/from Held for Sale	(1,859)	(1,024)	-	-	-	(1,745)	-	(4,628)
Intercompany Asset Transfers	-	-	-	-	-	-	-	-
Other movements in cost or valuation	1,549	5,163	-	-	(13)	1,976	(12,004)	(3,329)
<b>At 31 March 2021</b>	<b>713,112</b>	<b>190,305</b>	<b>28,305</b>	<b>2,689</b>	<b>1,082</b>	<b>2,162</b>	<b>15,778</b>	<b>953,433</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2020</b>	(6,991)	(13,146)	(16,658)	(336)	(27)	(10)	-	(37,168)
Depreciation charge	(7,350)	(6,010)	(2,486)	(97)	(7)	(154)	-	(16,104)
Depreciation written out to the Revaluation Reserve	5,602	5,122	-	-	-	-	-	10,724
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,400	2,414	1,356	-	-	10	-	5,180
Derecognition - disposals	-	-	-	-	-	-	-	-
Derecognition - other	24	-	-	-	-	-	-	24
Other movements in depreciation and impairment	21	-	-	-	-	-	-	21
<b>At 31 March 2021</b>	<b>(7,294)</b>	<b>(11,620)</b>	<b>(17,788)</b>	<b>(433)</b>	<b>(34)</b>	<b>(154)</b>	<b>-</b>	<b>(37,323)</b>
<b>Net Book Value</b>								
At 31 March 2021	705,818	178,685	10,517	2,256	1,048	2,008	15,778	916,110
At 31 March 2020	706,880	168,864	9,639	2,355	1,012	1,942	16,864	907,556
<b>Movement in NBV</b>	<b>(1,062)</b>	<b>9,821</b>	<b>878</b>	<b>(99)</b>	<b>36</b>	<b>66</b>	<b>(1,086)</b>	<b>8,554</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 2. Property, Plant and Equipment—cont.—Comparative Movements in 2020/21

	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 2019</b>	704,671	168,280	23,682	2,691	1,039	1,953	10,499	912,815
Additions	10,929	13,953	4,693	-	-	-	6,802	36,377
Assets recognised / derecognised under finance lease	-	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(7,197)	946	-	-	-	-	-	(6,251)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,146)	(516)	-	-	-	-	-	(4,662)
Derecognition - disposals	-	(6,029)	(373)	-	-	-	-	(6,402)
Derecognition - other	(1,449)	-	(1,705)	-	-	-	-	(3,154)
Assets reclassified (to)/from Held for Sale	(2,512)	-	-	-	-	-	-	(2,512)
Intercompany Asset Transfers	-	-	-	-	-	-	-	-
Other movements in cost or valuation	13,575	5,376	-	-	-	(1)	(437)	18,513
<b>At 31 March 2020</b>	<b>713,871</b>	<b>182,010</b>	<b>26,297</b>	<b>2,691</b>	<b>1,039</b>	<b>1,952</b>	<b>16,864</b>	<b>944,724</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2019</b>	(7,141)	(12,419)	(14,405)	(252)	(18)	(21)	-	(34,256)
Depreciation charge	(7,066)	(4,175)	(2,574)	(84)	(9)	(2)	-	(13,910)
Depreciation written out to the Revaluation Reserve	5,771	2,087	-	-	-	-	-	7,858
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,348	1,424	-	-	-	-	-	2,772
Derecognition - disposals	-	-	321	-	-	-	-	321
Derecognition - other	52	-	-	-	-	-	-	52
Other movements in depreciation and impairment	45	(63)	-	-	-	13	-	(5)
<b>At 31 March 2020</b>	<b>(6,991)</b>	<b>(13,146)</b>	<b>(16,658)</b>	<b>(336)</b>	<b>(27)</b>	<b>(10)</b>	<b>-</b>	<b>(37,168)</b>
<b>Net Book Value</b>								
At 31 March 2020	706,880	168,864	9,639	2,355	1,012	1,942	16,864	907,556
At 31 March 2019	697,530	155,861	9,277	2,439	1,021	1,932	10,499	878,559
<b>Movement in NBV</b>	<b>9,350</b>	<b>13,003</b>	<b>362</b>	<b>(84)</b>	<b>(9)</b>	<b>10</b>	<b>6,365</b>	<b>28,997</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 3. Inventories

	Consumable Inventories		Maintenance Inventories		Construction Work in Progress		Total	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Balance Outstanding at Start of Year	8	20	691	758	-	-	699	778
Purchases / Additions	23	31	2,135	4,065	20,441	-	22,599	4,096
Recognised as an Expense in the Year	(18)	(43)	(2,143)	(4,132)	-	-	(2,161)	(4,175)
Recategorised Inventory	-	-	-	-	5,389	-	5,389	-
<b>Balance Outstanding at Year End</b>	<b>13</b>	<b>8</b>	<b>683</b>	<b>691</b>	<b>25,830</b>	<b>-</b>	<b>26,526</b>	<b>699</b>

### 4. Cash and Cash Equivalents

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

	2020/21 £'000	2019/20 £'000
Cash Held by the Council	8,940	10,465
Bank Current Accounts	(2,850)	1,816
Cash Held by Subsidiaries	2,547	(1,762)
<b>Total Cash and Cash Equivalents</b>	<b>8,637</b>	<b>10,519</b>

### 5. Short Term Debtors

The table below shows the amount that the group was owed at 31 March 2022 by third parties, together with amounts paid by the group in advance of the receipt of goods or services.

	2020/21 £'000	2019/20 £'000
Trade Receivables	14,101	16,342
Other Receivables	41,332	11,023
<b>Total</b>	<b>55,433</b>	<b>27,365</b>

### 6. Short Term Creditors

The table below shows the amount that the group owed as at 31 March 2022 to third parties, together with amounts received by the group in advance of supply of goods or services.

	2020/21 £'000	2019/20 £'000
Trade Payables	(15,483)	(14,066)
Other Payables	(59,381)	(24,339)
<b>Total</b>	<b>(74,864)</b>	<b>(38,405)</b>

### 7. External Audit Costs

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

	2020/21 £'000	2019/20 £'000
External Audit	129	118
<b>Total</b>	<b>129</b>	<b>118</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 8. Finance Leases as a Lessor

The group leases out many properties and an assessment has been undertaken to establish those that are considered to have transferred the risks of ownership to the lessee from the group. This note excludes the vehicles leased within the group from the Council to its wholly owned company, Oxford Direct Services Limited.

	31 Mar 2021 £'000	31 Mar 2020 £'000
<b>Finance Lease debtor (net present value of minimum lease payments)</b>		
- Current	10	9
- Non Current	61,965	61,975
Unguaranteed Residual Value of Property*	4,073	4,073
<b>Gross Investment in the Lease</b>	<b>66,048</b>	<b>66,057</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 2021 £'000	31 Mar 2020 £'000	31 Mar 2021 £'000	31 Mar 2020 £'000
Not later than one year	10	9	10	9
Later than one year and not later than five years	33	43	33	43
Later than five years	66,005	66,005	61,933	61,933
<b>Total</b>	<b>66,048</b>	<b>66,057</b>	<b>61,976</b>	<b>61,985</b>

### 9. Operational Leases as a Lessor

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

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

Operating Leases	31 Mar 2021 £'000	31 Mar 2020 £'000
Not later than one year	6,085	6,833
Later than one year and not later than five years	19,550	21,971
Later than five years	75,629	70,137
<b>Total</b>	<b>101,264</b>	<b>98,941</b>

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



## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 10. Revaluation Reserve

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

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

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

	2020/21 £'000	2019/20 £'000
<b>Balance at 1 April</b>	<b>(306,717)</b>	<b>(299,468)</b>
Upward revaluation of assets	(22,094)	(33,671)
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	14,116	19,435
	<b>(314,695)</b>	<b>(313,704)</b>
Accumulated gains on assets sold or scrapped	678	-
Amount written off to the Capital Adjustment Account	15,225	6,978
Annual Retained Earnings Transfers	29	9
<b>Balance at 31 March</b>	<b>(298,763)</b>	<b>(306,717)</b>

### 11. Financial Instruments

#### Financial Assets

	Non Current				Current			
	Investments		Debtors		Investments		Debtors	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Fair Value through Profit or Loss	27,760	22,504	80,057	80,739	8,637	10,519	24,709	22,664
Amortised Cost	-	-	-	-	55,500	66,500	-	-
<b>Total Financial Assets</b>	<b>27,760</b>	<b>22,504</b>	<b>80,057</b>	<b>80,739</b>	<b>64,137</b>	<b>77,019</b>	<b>24,709</b>	<b>22,664</b>

#### Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Amortised Cost	(198,528)	(178,528)	(1,266)	(1,195)	-	(20,000)	(34,884)	(19,124)
<b>Total Financial Assets</b>	<b>(198,528)</b>	<b>(178,528)</b>	<b>(1,266)</b>	<b>(1,195)</b>	<b>-</b>	<b>(20,000)</b>	<b>(34,884)</b>	<b>(19,124)</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

	2020/21 Surplus / (Deficit) on the Provision of Services £'000	2019/20 Surplus / (Deficit) on the Provision of Services £'000
<b>Net gains/losses on:</b>		
Financial Assets Measured at Fair Value	(161)	(245)
Financial Assets Measured at Amortised Cost	-	-
	(161)	(245)
<b>Interest Revenue</b>		
Financial Assets Measured at Fair Value	583	571
Financial Assets Measured at Amortised Cost	2,303	1,988
	2,886	2,559
<b>Interest Expense</b>	(6,476)	(6,478)

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# **ACCOUNTING POLICIES**

## ACCOUNTING POLICIES

### Accounting Policies

#### AP1. General Principles

The Statement of Accounts summarises the Council's financial transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and this requires the preparation to be in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, 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.

#### Going Concern

The Council is required to prepare an annual Statement of Accounts which summarises the Council's transactions for the financial year and its position as at the year-end of 31 March of that year. The Statement of Accounts must be prepared in accordance with proper accounting practices as per the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom supported by International Financial Reporting Standards (IFRS).

The accounts are prepared on a going concern basis, assuming that the functions of the Council will continue in operational existence for the foreseeable future from the date that the accounts are approved.

#### AP2. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services; revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- 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
- 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.
- interest receivable on investments and payable on borrowings 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 revenue 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 or other revenue accounts, unless they properly represent capital receipts or capital expenditure.

## ACCOUNTING POLICIES

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.

### AP3 Acquisitions and Discontinued Operations

#### Discontinued Operations

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

- Oxford Direct Services Limited
- Oxford Direct Services Trading Limited

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

On 15th December 2021, the Council disposed of its shares in Oxford West End Developments Limited and set up OxWED LLP, a Limited Liability Partnership, as a 50% partner in the LLP alongside Nuffield College Developments Ltd, a wholly owned subsidiary of Nuffield College. Oxwed LLP took ownership of the land previously owned by Oxford West End Developments Limited along with the loan debt and will continue with facilitating development of the site. This process was undertaken in order to change the type of joint venture rather than strictly disposing of or acquiring operations but is included here for completeness.

#### AP4. Cash and Cash Equivalents

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

#### AP5. Prior Period Adjustments, Changes in Accounting Policies and Material Errors

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

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

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

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

Services, Support Services and Trading Accounts are debited with the following amounts to record the cost of

## ACCOUNTING POLICIES

holding non-current 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 amortisation. 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. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution (Minimum Revenue Provision) in the General Fund Balance by way of adjusting transactions within the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Individually have a cost of at least £5,000 (£1,500 for residential properties); or
- Collectively have a cost of at least £5,000 (£1,500 for residential properties) and individually have a cost of more than £250, where the assets are functionally interdependent, have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Or where they form part of the initial equipping and setting-up cost of a new building, or significant refurbishment, irrespective of their individual or collective cost.

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

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

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

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

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment



## ACCOUNTING POLICIES

loss is measured as the difference between the carrying amount and the revised future cash flows.

### **AP8. Employee Benefits**

#### **Benefits Payable during Employment**

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

An accrual is made against services in the surplus or deficit on the provision of service, (where considered material) for the cost of holiday entitlement and other forms of leave earned by employees but not taken before the year end and which may be carried forward into the next financial year based on following years' salary. Accruals are not made for immaterial costs in respect of outstanding car mileage claims. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination Benefits**

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

#### **Post-employment Benefits**

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

#### **The Local Government Pension Scheme**

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

- Oxford City Council includes the output of the actuary IAS 19 report within the accounts which provides an actuarial valuation of the pension costs of staff of the Council and the staff of the Oxford Direct Services Limited. This is because any burden of pension costs above the LATC set contribution rate are guaranteed to be met by the Council. Pension costs are therefore accounted for with the Oxford Direct Services Limited accounts at the contribution rate since their element of the scheme is defined by contribution rather than benefit (as per the pension pooling agreement between the Council, Oxfordshire County Council and Oxford Direct Services Limited)
- The liabilities of the Oxfordshire County Council Pension Fund attributable to the Council, and Oxford Direct Services Limited are therefore included in the Oxford City Council Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to-date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- The liabilities are discounted to their value at current prices, using a discount rate based on a suitable index which is detailed in the notes to the accounts at Note 40c).

## ACCOUNTING POLICIES

- the assets of Oxfordshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

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

- Service cost comprising:
  - 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
  - Past Service Cost – the increase or reduction in liabilities arising from current year decisions or as a result of a scheme amendment or curtailment 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
  - 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:
  - 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.
- Charge comprising:
  - Contributions paid to Oxfordshire County Council Pension Fund – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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.

## ACCOUNTING POLICIES

### AP9 Events After the Reporting Period

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

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

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

### AP10. Financial Instruments

#### Financial Liabilities

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

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

#### Financial Assets

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

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

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

#### Financial Assets Measured at Amortised Cost

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

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

## ACCOUNTING POLICIES

### **Expected Credit Loss Model**

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

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

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

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

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

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

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

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

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

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

### **AP11. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and

## ACCOUNTING POLICIES

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.

### **Community Infrastructure Levy**

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

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

### **AP12. Tangible Heritage Assets**

A tangible Heritage Asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. An intangible Heritage Asset is an intangible asset with cultural, environmental or historical significance. Examples of intangible Heritage Assets include records of significant historical events. Heritage Assets are revalued every 5 years. The next valuation date due is disclosed at note 14 to the accounts.

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

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

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

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

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

These assets are deemed to have an indeterminate life and high residual values, and the Council does not

## ACCOUNTING POLICIES

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

- Heritage Non Operational Property

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

- Rewley Abbey Wall

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

- Oxford City First Registration number plate

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

These assets are deemed to have an indeterminate life and high residual values, and the Council does not consider it necessary to provide for depreciation. The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment - see note AP.18. The Council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with the statutory accounting requirements relating to capital expenditure and capital receipts where any receipt is greater than £10,000.

### **AP13. Intangible Assets**

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

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

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



## ACCOUNTING POLICIES

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. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an Intangible Asset is amortised over the asset's useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an Intangible Asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

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

The Council has material interest in the OxWED LLP. The LLP is a joint venture developing Land which will be sold for Housing or commercial development or retained for rental. The Council has a 50% interest in the LLP and shares the profit and losses.

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

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

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

### **AP15. Inventories and Long Term Contracts**

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

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

## ACCOUNTING POLICIES

### **AP16. Investment Property**

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

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

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

### **AP17. Leases**

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

Each lease is assessed by reference to a number of primary indicators which collectively or individually to provide evidence of a Finance Lease. Arrangements that do not have a legal status of a lease but convey a right to use an asset in return for payments are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

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

##### **Finance Leases**

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and



## ACCOUNTING POLICIES

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

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

### Operating Leases

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

#### 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

## ACCOUNTING POLICIES

Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **AP18. Overheads and Support Services**

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

### **AP19. Property, Plant and Equipment**

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

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

- infrastructure, community assets, vehicles, plant & equipment and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of Existing Use Value for Social Housing (EUV-SH) surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – fair value, determined as the amount that would be paid for the asset in its Existing Use Value (EUV)

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

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

## ACCOUNTING POLICIES

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

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

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

### Impairment

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

## ACCOUNTING POLICIES

sales costs. Where there is a subsequent decrease in the net fair value, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

### Disposals

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

The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### AP20. Provisions, Contingent Liabilities and Contingent Assets Provisions

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

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

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

## ACCOUNTING POLICIES

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

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

### **AP21. Reserves**

#### **Useable Reserves**

A reserve is money that the Council has set aside to cover expenditure that will be incurred 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).

## ACCOUNTING POLICIES

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 reserves are:

- 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;
- 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.

### AP22. Revenue Expenditure Funded from Capital under Statute

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

### AP23. VAT

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

### AP24. Fair Value Measurement

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

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

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

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

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

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

**AP25. Exceptional Items**

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

**AP26. Dividends from Owned Companies**

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

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# **GLOSSARY OF TERMS AND ABBREVIATIONS**

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **ACE**

Arts Council England.

### **Accounting Period**

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

### **Accruals**

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

### **Amortisation**

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

### **Asset**

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

### **Asset Held for Sale**

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

### **Balance Sheet**

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

### **Beacon Dwelling**

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

### **Billing Authority**

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

### **Capital Expenditure**

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

### **Capital Adjustment Account**

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

### **Capital Receipts**

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

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

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

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **CO**

Cabinet Office.

### **Code of Practice (The Code)**

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

### **Collection Fund**

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

### **Collection Fund Adjustment Account**

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

### **Contingent Assets/Liabilities**

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

### **Contingent Rent**

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

### **Current Asset**

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

### **DCMS**

Department of Culture, Media and Sport.

### **DECC**

Department of Energy and Climate Change.

### **Deferred Credits**

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

### **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.

## GLOSSARY OF TERMS AND ABBREVIATIONS

**DEFRA**

Department for Environment, Food and Rural Affairs.

**Depreciation**

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

**DFT**

Department for Transport.

**DWP**

Department of Work and Pensions.

**Earmarked Reserves**

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

**Earmarked Reserves**

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

**Finance Lease**

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

**GAAP**

Generally Accepted Accounting Practice.

**General Fund**

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

**General Fund Balance**

Balance at Year End not earmarked for any specific purpose.

**Group Accounts**

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

**HCA**

Homes Communities Agency.

**Heritage Assets**

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

**HIA**

Home Improvement Agency.

**HMO**

House in Multiple Occupation.

## GLOSSARY OF TERMS AND ABBREVIATIONS

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

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

### **IAS**

International Accounting Standard.

### **Intangible Asset**

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

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

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

### **Impairment**

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

### **Investments**

Deposits for less than one year with approved institutions.

### **Infrastructure Assets**

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

### **Inventory**

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

### **Investment Property**

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

### **Joint Venture**

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

### **LGA**

Local Government Association.

### **Liability**

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

## GLOSSARY OF TERMS AND ABBREVIATIONS

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

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

### **Long Term Assets – Intangible**

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

### **Long Term Debtors**

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

### **MHCLG**

Ministry for Housing, Communities and Local Government.

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

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

### **Non-Current Asset**

This is the same as a Long Term Asset.

### **Non operational Assets**

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

### **Operational Asset**

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

### **Operating Lease**

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

### **Pension Fund**

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

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

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

### **Precept**

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

## GLOSSARY OF TERMS AND ABBREVIATIONS

### **Provisions**

Sums set aside to meet future expenditure where a specific liability is known to exist but is of uncertain timing or amount.

### **PWLB**

Public Works Loans Board - part of Central Government from which the Council can obtain borrowing.

### **Revenue**

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

### **Revenue Expenditure Funded from Capital Under Statute (Refcus)**

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

### **Reserves – Unusable**

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

### **Reserves – Usable**

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

### **Revenue Support Grant**

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

### **Surplus Asset**

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

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

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

### **Teckal Exemption**

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

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**INDEPENDENT AUDITORS REPORT  
AND CERTIFICATE**

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

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**INDEPENDENT AUDITORS REPORT AND CERTIFICATE**

*(Key Audit Partner)*

Date

*Ernst & Young LLP (Local Auditor)*

*Reading*

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# Statement of Accounts 2021-2022

