

**Report of: Heads of Finance**

**To: Audit and Governance Committee**

**Date: 25<sup>th</sup> June 2008**

**Item No:**

**Title of Report : Statement of Accounts 2007-2008**

### Summary and Recommendations

**Purpose of report:** To seek approval for the publication of the 2007-2008 Statement of Accounts and its submission to the external auditor.

**Key decision:** No

**Board Member:** Councillor Ed Turner

**Scrutiny Responsibility:** Scrutiny Committee A

**Ward(s) affected:** All

**Report Approved by:**

**Policy Framework:** Financial stability

**Recommendation(s):** To recommend to Council that the Statement of Accounts for 2007-2008 are approved.

1. Attached to this report is the draft Statement of Accounts for 2007-2008.
2. The Council has a statutory duty to publish its Statement of Accounts by 30<sup>th</sup> June 2008. This Committee has responsibility to consider and recommend Council to approve the Statement of Accounts.
3. The Statement of Accounts has been prepared in accordance with the SORP (Statement of Recommended Practice) for local authority accounting. Substantive changes were made in SORP 2006 and

reflected in our accounts from 2006-07 onwards. There are two main changes introduced in SORP 2007.

4. The SORP introduces new disclosures on financial instruments. Financial instruments are defined as “any contract that gives rise to a financial asset of one entity and a financial liability of another”. As such this includes both the most straightforward assets and liabilities such as sundry debtors and creditors and the most complex such as derivatives (which do not apply to most Councils). The new disclosures are designed to help users of the accounts evaluate the nature and extent of risks arising from financial instruments to which the authority was exposed and how it manages those risks.
5. The disclosures are set out in note 6.40 and mainly cover treasury management activities, in accordance with the Council’s Treasury Management Strategy. We have to disclose the credit risk arising from our investments; the nature of our investments – lending to A to AAA rated institutions – means that this risk is evaluated to be so small as to be not material to our accounts. The credit risk associated with our debtors is represented by the bad debt provisions we have set aside.
6. The Council’s exposure to interest rate risk is also evaluated. Since all our investments and borrowings are taken out at fixed rates, there is no interest rate exposure for our holdings at the balance sheet date. This may at first seem counter-intuitive, but the main risk to the Council of, for example a fall in interest rates is that in future we have to make investments at less advantageous rates, affecting our ability to earn interest and hence future income levels. This is not the concern of a set of accounts looking back at last year’s performance but is of course an area we address in our Medium Term Financial Strategy.
7. The second change concerns technical accounting adjustments relating to how the revaluation of fixed assets is shown in the accounts. To meet this requirement we need to hold both historic cost values and details of any addition or revaluation for each individual asset on our asset register. We have undertaken a considerable amount of analysis and review of our asset register in order to achieve this, notably for our housing stock where assets were previously grouped together.
8. The changes to fixed asset accounting also means that impairment of fixed assets is charged to the income and expenditure account when the impairment in value is due, for example, to a deterioration in condition. The consequence of this treatment is that catch up maintenance that does not increase an asset’s value but brings it up to the expected condition for use is treated in this way. This is why the value for net expenditure on housing (HRA) in the income and expenditure account shows such a large increase, as impairment is £9.5 million higher than in 2006-07 with expenditure to bring the housing stock up to the decent homes standard now included in this category.

9. Large year on year movements on several balance sheet headings can be explained by reference to one particular transaction. The sale of the Slade Barracks (Mascall Avenue) involves receipts and payments over two financial years, so at the end of 2007-08 this increases debtors by £5.6 m, creditors by £1.7m and deferred capital receipts by £5.6m.
10. The General Fund balances as at 31<sup>st</sup> March 2008 have increased from £6,809k shown in the Provisional Outturn report to £6,977k in the final accounts. This is mainly from an adjustment of £143k relating to the release of the Renaissance provision (note 6.37) as this matter has now been settled with DWP.

**Recommendation:**

11. Members are asked to recommend Council to approve the Statement of Accounts for 2007-8.

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**Background papers:** None

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# **Statement of Accounts 2007/08**





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# **1. HEADS OF SERVICE REPORT**

## **1.1 Introduction**

We are pleased to introduce the Council's Statement of Accounts for 2007/08. These accounts set out the financial results of Oxford City Council's activities for the 12 months up to 31<sup>st</sup> March 2008.

## **1.2 Commentary on 2007-08**

### **General Fund**

The Council set a budget for spending on General Fund services of £28.5million, to be financed partly from a Government Grant of £2.3million and a share of the National Non-Domestic Rates of £13.7million. Of the remainder, £10.9million was to be raised through Council Tax, with £1.5million being taken from balances. The average Council Tax for a Band D property was set at £240.53.

The budget included a savings target of £4.1million. Delivery of the savings has been carefully monitored throughout the year and together with the operation of effective establishment controls, this has led to a net underspend of £1.7million from services. The Local Cost of Benefits was also £0.5million below budget, reflecting the performance improvements achieved by the benefits service. Provisions created in 2006/07, notably for the costs of increased pension contributions and concessionary fares (note 6.38) have also been released, contributing £1.8million to balances. The Council also received two further awards of Local Authority Business Growth Incentive (LABGI), together amounting to £1million, reflecting continued economic development in the City. Reserves totalling £1million have been created (note 6.37) to address specific resourcing issues including investment in IT and building repairs. Overall, general balances increased by £2.3million to £7.0million as at 31<sup>st</sup> March 2008.

### **Housing Revenue Account**

The HRA budget was set to achieve a surplus of £0.9million. In the event, a surplus of £2.5million was achieved. £0.8million of the additional surplus was due to a reduction in housing subsidy paid to central government, and £0.4million from the release of pension provisions. Targeted underspends achieved in 2007/08 will be used to offset the one-off additional payments of subsidy of £1.3million in 2008/09 required due to the changes in the way housing subsidy is calculated. Carryforwards of project underspends of £0.7million have been requested for Council approval. At the end of the year £2.5million has been added to HRA capital financing reserves, set up to fund capital expenditure for the decent homes programme.

## **1.3 Capital**

The Council set a budget to spend £23million on capital expenditure in 2007/08, and completed £20million in the year. Almost half of the total spend was on the programme of renovations to Council housing to meet the Decent Homes standard by 2010.

## **1.4 Pensions**

Details of our Pension Fund accounts are shown in section 9. Our pension scheme forms part of the Oxfordshire County Council Pension Fund, and we made pension contributions of £6.6million in 2007/08.

In common with most final salary pension schemes, there is a gap between the value of the fund's assets and its estimated future liabilities. The City Council's share of the deficit reduced slightly in 2007/08 to £60million. Bridging the gap is likely to lead to increased contributions in future years.

## 1.5 Looking ahead

The Council's Medium Term Financial Strategy (MTFS) sets out key financial parameters for the next three years up to 2011, and maps spending priorities against available resources.

For the General Fund, the Council set a balanced budget for 2008/09 with a savings target of £3.9million. Early monitoring indicates that £1.7million of the planned savings have been already completed. For 2009/10 and 2010/11 savings of £1.2million must be generated each year.

The Council's favourable financial position and level of balances at the end of 2007/08 means that in 2008/09, £1million will be released for spending on local community priorities, and £0.9million will be added to the Council's Invest to Save fund to enable transformational projects and support initiatives to generate future years' efficiency savings. In addition, £625,000 has been estimated for essential works on IT infrastructure and the repairs and maintenance back-log.

## 1.6 In conclusion

Several people have worked really hard to draft these accounts together, and we wanted to thank them all at this point. I hope the information is helpful in allowing you to have a clear understanding of how council money has been spent.

We've tried hard to put information in as clear a manner as possible, but if you do want to find out more about these accounts you can:

- ❖ Write to the Heads of Service for Finance (Sarah Fogden and Penny Gardner) at [sfogden@oxford.gov.uk](mailto:sfogden@oxford.gov.uk) or [pgardner@oxford.gov.uk](mailto:pgardner@oxford.gov.uk)
- ❖ Contact our auditors via [j-bull@audit-commission.gov.uk](mailto:j-bull@audit-commission.gov.uk)

Sarah Fogden/Penny Gardner  
Heads of Service for Finance

## 2. EXPLANATORY FOREWORD

### 2.1 Introduction

The accounts for 2007/08 set out on the following pages have been prepared in accordance with 'The Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice' (SoRP).

The purpose of the published statement of accounts is to give electors, local taxpayers, members of the authority and other interested parties clear information about the Council's finances. These accounts are supported by details of the accounting policies of the Council, a glossary of terms and by appropriate notes to the accounts to provide readers with further explanations and information. The SoRP specifies the minimum standards and information that must be included in the statement. The Council has, wherever practical, included further information and sought to achieve a higher standard.

The following statements are included:

Income and Expenditure Account	A summary of the resources generated and consumed by the authority in the year.
Statement of the Movement on the General Fund Balance	A reconciliation showing how the balance of resources generated and consumed in the year, links in with statutory requirements for raising council tax.
Statement of Total Recognised Gains and Losses	Demonstration of how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.
Housing Revenue Account (HRA)	Details the income and expenditure attributable to the provision of Council owned houses included within the Income and Expenditure Account.
Collection Fund	Shows the transactions in relation to collection of Council Tax and National Non-domestic Rates and how the amounts collected have been distributed.
Balance Sheet	Summarises the overall financial position of the Council at the 31 <sup>st</sup> March 2008 showing its assets, liabilities and reserves.
Cash Flow Statement	Records the movements of cash into and out of the Council arising from transactions with third parties.

### 2.2 Audit

These accounts are published subject to Audit. The audit is expected to be completed and an opinion issued on 23rd September 2008.

### **3. STATEMENT OF ACCOUNTING POLICIES**

#### **3.1 General**

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice (SoRP). The fundamental principles of relevance, reliability, comparability, understandability and materiality underpin the accounts. Three pervasive concepts of accruals, going concern and the primacy of legislative requirements have been given precedence and used in the selection and application of accounting policies and estimating techniques and in the exercise of professional judgement.

The main change in the SoRP for 2007/08 is the replacement of the Fixed Asset Restatement Account and Capital Finance Account, by the Revaluation Reserve and Capital Adjustment Account. As of 1<sup>st</sup> April 2007, all assets are required to be held on the asset register at historic cost value as well as current value. The SoRP also introduced new disclosures on financial instruments.

#### **3.2 Basis of Accounting**

The Council has adopted a historical costs basis, modified by the revaluation of land and buildings, for the presentation of its accounts.

#### **3.3 Provisions and reserves**

Provisions have been made for all liabilities where the precise timing or values cannot be determined. Reserves are set aside by the Council for specific policy purposes, or to cover contingencies to meet general rather than specific future expenditure.

#### **3.4 Tangible Fixed Assets**

Expenditure on fixed assets is capitalised, provided that the fixed asset yields significant benefits to the Authority, and the services it provides, for a period of more than one year.

Assets included in the balance sheet at current value are subject to a rolling programme that ensures that they are formally re-valued at intervals of not more than five years. The Council departs from the SoRP in valuing infrastructure and community assets. Details of how we value our assets can be found in section '6.18 Information on Assets Held'.

Where depreciation is charged, it is calculated using the straight-line method, over the finite useful life of the asset. Assets, other than land, with an expected life of 50 years or more that are not depreciated, are reviewed annually to assess whether their value is impaired either through falling prices or due to their condition and use. Depreciation is charged in the first full year after the acquisition or change in valuation of an asset. Where assets are acquired or re-valued after the start of the financial year no adjustment is made to the depreciation calculation until the following year. A full year of depreciation is charged on assets disposed of during the financial year.

Revenue accounts are charged a provision for depreciation for all fixed assets used in the provision of services.

De minimis levels have been set with effect from 1<sup>st</sup> April 2005:

- ❖ Vehicles - £5,000 unless a vehicle licence is required
- ❖ Furniture & Equipment - £10,000

### **3.5 Intangible Assets**

When capital expenditure is incurred, which does not result in the creation of an asset belonging to the Council (for example when improvement grants are made), or when the asset has no disposable value (for example computer software), an intangible fixed asset results.

### **3.6 Receipts arising from sale of assets**

When an asset is disposed of, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account 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 held on the Revaluation Reserve at the time of disposal, are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Useable 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 Statement of Movement on the General Fund Balance.

### **3.7 Grants**

Revenue Grants are matched to the expenditure to which they relate. Grants for capital purposes are credited to a Grants Deferred account and written off over the useful life of the asset to which they relate to offset the depreciation charge.

### **3.8 Interest Charges**

Interest paid on external loans and received on investments is accounted for according to the period to which it relates. In those cases where there is a statutory or legal obligation, for example where the Council holds deposits for specific purposes on behalf of third parties, it makes contributions in lieu of interest on cash balances in hand.

### **3.9 Leases**

Items previously acquired under finance leases are included within fixed assets. All these leases are within their secondary period and the annual payments are charged to the relevant service account that uses the assets. This is a departure from the requirements of FRS18, which requires the payments to be split between principal and interest.

Annual payments under operating leases are charged to the revenue accounts at the date of payment. This is a departure from FRS18, which requires charges to be made evenly throughout the period of the lease.

In both cases however, the effect of the departure from the SoRP is not material to the Council's financial position.

### **3.10 Long-term contracts**

Where the Council has entered into contracts that run for longer than one year, the liability or benefit arising is included in the balance sheet as a long-term creditor or debtor respectively.

### **3.11 Debtors and Creditors**

Provision is made within the accounts for all goods and services provided to or supplied by the Council by 31<sup>st</sup> March. Where invoices have not been received or issued by that date accruals are made for the amounts due to creditors and due to be received from debtors.

### **3.12 Stock**

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

### **3.13 Work in Progress**

Where significant works for other bodies are not fully completed at 31<sup>st</sup> March, the value carried out at that date is estimated and income is accrued within the appropriate service account.

### **3.14 Overheads**

The costs of Support Services (for example Information Systems and Financial Services) are charged to individual service accounts in accordance with CIPFA's 'Best Value Accounting Code of Practice', based upon the best estimates of where activity occurs.

### **3.15 Pensions**

The Council complies with the requirements of FRS17. The current year pension costs are shown within net cost of services, with past year, curtailment and settlement costs included under other operating costs. A transfer to or from the pension reserve is made to negate the effects of the pensions adjustments on council tax.

### **3.16 Financial relationships with companies and related party interests**

Under the terms of FRS9 where the Council has an interest in any other entity it is required to prepare a Group Income and Expenditure Account and Group Balance Sheet. The Council holds no interest in any other entity and therefore no group accounts have been produced.

Where either the Council, or its Members or Senior Officers, is connected with any other entity that it transacts any business with, it is required to disclose these as related party interests. These are shown in the Notes to the Core Financial Statements – 6.8 Related Parties.

### **3.17 Financial Instruments**

The Council determines all carrying amounts for financial assets and financial liabilities from quoted market prices. The interest for financial assets and financial liabilities has been calculated on an accruals basis, and has been added back to the loan and investment balances.

#### **For further information on the above accounting policies contact:**

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## **4. RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **4.1 The Authority's Responsibilities**

The authority is required:

- ❖ To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer (as set out in the Local Government Act 1972)
- ❖ To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### **4.2 The Section 151 Officer's Responsibilities**

The Section 151 Officer is legally and professionally responsible for the preparation of the authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present fairly, the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2008.

In preparing this Statement of Accounts, the Section 151 Officer has:

- ❖ Selected suitable accounting policies and then applied them consistently;
- ❖ Made judgements and estimates that were reasonable and prudent; and
- ❖ Complied with the Code of Practice.

The Section 151 Officer has also:

- ❖ Kept proper and up to date accounting records; and
- ❖ Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Sarah Fogden/Penny Gardner  
Section 151 Officer

Date



## 5. CORE SINGLE ENTITY FINANCIAL STATEMENTS

### 5.1 Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

	Gross Expenditure 2007/08 £000's	Gross Income 2007/08 £000's	Net Expenditure 2007/08 £000's	Net Expenditure 2006/07 £000's
Central Services to the Public	12,582	(10,158)	2,424	2,128
Cultural, Environmental & Planning Services	44,002	(19,839)	24,163	23,950
Highways, Roads & Transport Services	8,065	(8,592)	(527)	731
Housing HRA	44,477	(31,726)	12,751	4,565
Housing Other	59,240	(53,532)	5,708	6,372
Corporate & Democratic Core	3,583	(108)	3,475	4,549
Non Distributed Cost	1,806	(476)	1,330	619
<b>Net Cost of Services</b>	<b>173,755</b>	<b>(124,431)</b>	<b>49,325</b>	<b>42,914</b>
Gain on the disposal of fixed assets			(30)	0
Parish Council Precepts			167	162
Surplus on Trading undertakings not included in Net Cost of Services			(317)	(221)*
Interest payable and similar charges			1,098	1,297
Contribution of housing capital receipts to Government Pool			1,139	1,549
Interest & investment income			(2,658)	(2,243)
Pensions interest cost and expected return on pensions assets			1,050	1,070
<b>Net Operating Expenditure</b>			<b>49,774</b>	<b>44,528</b>
Demand on the Collection Fund			(11,121)	(10,744)
Revenue Support Grant			(3,606)	(2,543)
Other Government Grants not attributable to specific services			(1,106)	(653)
Non-domestic rates redistribution			(12,416)	(13,174)
<b>Deficit for year</b>			<b>21,525</b>	<b>17,413</b>

\* 2006/07 has been restated to include Trade Recycling.

## 5.2 Statement of the Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise council tax on a different accounting basis, the main differences being:

- ❖ capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- ❖ retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits earned.

The General Fund Balance shows whether the Council has over or under spent against the council tax that it raised for the year, taking into account the use for reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income & Expenditure Account and the General Fund Balance.

	2007/08 £000's	2006/07 £000's
Deficit for the year on the Income & Expenditure Account	21,525	17,413
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(23,790)	(16,326)
<b>(Increase)/decrease in General Fund Balance for the year</b>	<b>(2,265)</b>	<b>1,086</b>
General Fund Balance brought forward	(4,711)	(5,798)
<b>General Fund Balance carried forward</b>	<b>(6,976)</b>	<b>(4,711)</b>

### 5.3 Note of Reconciling Items for the Statement of Movement on the General Fund

	2007/08 £000's	2006/07 £000's
<b>Amounts included in the Income &amp; Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year</b>		
Depreciation and impairment of fixed assets	(19,859)	(9,158)
Excess of depreciation charged to HRA over the Major Repairs Allowance element of Housing Subsidy	(4,836)	(4,958)
Government Grants Deferred amortisation	2,741	1,374
Write down of deferred charges to be financed from capital resources	(4,457)	(2,843)
Net changes made for retirement benefits in accordance with FRS 17	(8,750)	(7,930)
	<u>(35,161)</u>	<u>(23,515)</u>
<b>Amounts not included in the Income &amp; Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>		
Minimum revenue provision for capital financing	0	610
Capital expenditure charged in-year to the General Fund Balance	829	426
Transfer from Usable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(1,139)	(1,549)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	6,630	6,770
	<u>6,320</u>	<u>6,257</u>
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		
Housing Revenue Account balance	(4)	1,192
Voluntary revenue provision for capital financing	210	200
Net transfers to or from earmarked reserves	4,845	(460)
	<u>5,051</u>	<u>932</u>
<b>Net additional amount required to be credited to the General Fund balance for the year</b>	<u>(23,790)</u>	<u>(16,326)</u>

## 5.4 Statement of Total Recognised Gains and Losses

	2007/08 £000's	2006/07 £000's
Deficit for the year on the Income & Expenditure Account	21,526	17,413
Surplus arising from the revaluation of fixed assets	(20,569)	(20,539)*
Actuarial gains on pension fund assets & liabilities	(6,710)	(1,360)
Exceptional items	337	0
Any other gains and losses	186	28
<b>Total recognised gains for the year</b>	<b>(5,230)</b>	<b>(4,458)</b>

\* 2006/07 has been restated to reflect the correction of an error on HRA properties in respect of written back depreciation and disposals.

The exceptional item in 2007/08 relates to assets which were on the asset register in error mainly through duplication.

## 5.5 Balance Sheet

	Notes	2007/08		2006/07	
		£000's	£000's	£000's	£000's
<b>Fixed Assets</b>					
Operational	6.14 - 6.25				
Council Dwellings		554,549		568,150	
Other Land & Buildings		103,109		100,448	
Vehicles & Plant		4,095		3,014	
Infrastructure		188		1,018	
Community Assets		3,623		5,987	
Non-Operational					
Investment properties	6.14 - 6.25	<u>107,188</u>		<u>107,487</u>	
			772,752		786,104
<b>Long Term Assets</b>					
Long Term Investments	6.28	2,032		2,032	
Long Term Assets	6.30	<u>5,260</u>		<u>5,287</u>	
			<u>7,292</u>		<u>7,319</u>
			780,044		793,423
<b>Current Assets</b>					
Stock	6.31	585		634	
Work in Progress	6.32	284		165	
Investments		31,925		32,615	
Debtors	6.33	18,864		13,246	
Cash in Hand		<u>72</u>		<u>14</u>	
<b>Total Assets</b>			51,730		46,674
<b>Current Liabilities</b>					
Creditors	6.34	(16,464)		(15,568)	
Short Term Borrowing		(567)		(3,530)	
Cash Overdrawn		<u>(860)</u>		<u>(1,791)</u>	
			<u>(17,891)</u>		<u>(20,889)</u>
<b>Total Assets Less Current Liabilities</b>			<b>813,883</b>	<b>819,208</b>	
<b>Long Term Liabilities</b>					
Long Term Borrowing	6.27	(7,374)		(7,750)	
Provisions	6.36	(887)		(3,965)	
Government Grants Deferred		(7,493)		(7,365)	
Deferred Liabilities	6.29	(7,355)		(9,993)	
Liability Related to Defined Benefit Scheme		<u>(60,046)</u>		<u>(64,636)</u>	
			<u>(83,155)</u>		<u>(93,709)</u>
<b>Net Assets</b>			<b>730,728</b>	<b>725,499</b>	

	2007/08		2006/07	
	£000's	£000's	£000's	£000's
<b>Financed by:</b>				
Capital Adjustment Account	(741,841)		0	
Capital Financing Account	0		(28,622)	
Revaluation Reserve Account	(13,874)		0	
Fixed Asset Restatement Account	0		(742,621)	
Usable Capital Receipts	(6,460)		(2,828)	
Deferred Capital Receipts	(10,913)		(5,300)	
Pensions Reserve	60,046		64,636	
Major Repairs Reserve	(3)		0	
Other Reserves	(6,787)		(2,006)	
Fund Balances	<u>(10,896)</u>		<u>(8,758)</u>	
<b>Stakeholders Funds</b>		<b><u>(730,728)</u></b>		<b><u>(725,499)</u></b>

The Balance Sheet figures for 2006/07 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve (see accounting policy 3.1). The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £743m on the FARA as at 31<sup>st</sup> March 2007 has been written off to the Capital Financing Account (£34m credit balance) to form the new Capital Adjustment Account. The Revaluation Reserve has been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve as at 31<sup>st</sup> March 2008 therefore only shows revaluation gains accumulated since 1<sup>st</sup> April 2007.

## 5.6 Cash Flow Statement

	2007/08 £000's	2006/07 £000's
<b>Revenue Activities</b>		
<b>Cash Outflows</b>		
Cash paid to and on behalf of employees	48,333	47,453
Other operating cash payments	41,280	46,106
Housing Benefit paid out	30,621	29,331
NNDR paid to National Pool	71,405	67,691
Precepts paid	55,300	52,505
Payments to the Capital Receipts Pool (Housing)	7,038	6,969
<b>Total Cash Outflows</b>	<b>253,977</b>	<b>250,055</b>
<b>Cash Inflows</b>		
Rents (after rebates)	(15,938)	(14,609)
Council Tax receipts	(56,798)	(55,476)
NNDR collected from ratepayers	(69,840)	(71,180)
NNDR returned by National Pool	(12,416)	(13,288)
Revenue Support Grant	(3,606)	(2,435)
DWP Grants for benefits	(57,572)	(53,921)
Other Government Grants	(963)	(1,055)
Cash received for goods & services	(32,238)	(30,418)
Other operating cash receipts	(3,436)	(5,618)
<b>Total Cash Inflows</b>	<b>(252,807)</b>	<b>(248,000)</b>
<b>Net Cash flow from Revenue Activities</b>	<b>1,170</b>	<b>2,055</b>
<b>Returns on Investments and Servicing of Finance</b>		
Cash Outflows:		
Interest paid	1,199	1,352
Cash Inflows:		
Interest received	(2,421)	(2,420)
<b>Servicing of Financing Net Cash Inflow</b>	<b>(1,222)</b>	<b>(1,068)</b>
<b>Revenue Cash Flow</b>	<b>52</b>	<b>987</b>

	2007/08 £000's	2006/07 £000's
<b>Brought forward</b>	52	987
<b>Capital Activities</b>		
<b>Cash Outflows</b>		
Purchase of fixed assets	10,229	10,774
Other capital cash payments	1,682	1,718
Housing capital receipts paid to Government pool	1,139	1,549
<b>Total Cash Outflows</b>	<b>13,050</b>	<b>14,041</b>
<b>Cash Inflows</b>		
Sale of fixed assets	(12,840)	(5,080)
Capital grants received	(847)	(901)
Developer contributions	(55)	(885)
Other capital cash receipts	(387)	(1,545)
<b>Total Cash Inflows</b>	<b>(14,129)</b>	<b>(8,411)</b>
<b>Net Cash flow from Capital Activities</b>	<b>(1,079)</b>	<b>5,630</b>
<b>Net Cash Outflow Before Financing</b>	<b>(1,131)</b>	<b>6,617</b>
<b>Management of Liquid Resources</b>		
Net decrease in short term deposits	(1,517)	(2,445)
<b>Financing</b>		
Cash Outflows:		
Repayments of amounts borrowed	600	493
Cash Inflows:		
(Increase) / decrease in temporary borrowing	3,036	(3,000)
<b>Net (Increase) / Decrease in Cash</b>	<b>988</b>	<b>1,665</b>



## 6.0 NOTES TO THE CORE FINANCIAL STATEMENTS

### Income and Expenditure

#### 6.1 Trading Operations

Details of the Council's trading operations are given in the table below.

	Expenditure 2007/08 £000's	Income 2007/08 £000's	Net (Surplus) / Deficit 2007/08 £000's	Net (Surplus) / Deficit 2006/07 £000's
Building Control Charging Account	695	(708)	(13)	24
Trade Refuse & Recycling	1,355	(1,658)	(303)	(234)*
Building Maintenance Services	1,311	(1,312)	(1)	(11)
<b>Total trading operations</b>	<b>3,361</b>	<b>(3,678)</b>	<b>(317)</b>	<b>(221)</b>

\* 2006/07 has been restated to include Trade Recycling.

#### 6.2 Expenditure Incurred on Publicity

In accordance with Section 5 of the Local Government Act 1986, the Council is required to disclose expenditure on publicity. Expenditure was incurred on staff advertising and the advertising and publicity of Council activities.

	2007/08 £000's	2006/07 £000's
Staff advertising	224	272
Advertising & publicity	564	488
<b>Total</b>	<b>788</b>	<b>760</b>

#### 6.3 Building Control Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. The Council sets charges for work carried out in relation to building regulations, with the aim of covering costs incurred. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

	Non-chargeable 2007/08 £000's	Chargeable 2007/08 £000's	Total 2007/08 £000's
<b>Expenditure</b>			
Employee expenses	106	460	566
Central and support service charges	40	156	196
Supplies and services	8	64	72
Transport	3	15	18
<b>Total Expenditure</b>	<b>157</b>	<b>695</b>	<b>852</b>
<b>Income</b>			
Building regulation charges	0	(708)	(708)
Miscellaneous income	(22)	0	(22)
<b>Total Income</b>	<b>(22)</b>	<b>(708)</b>	<b>(730)</b>
<b>(Surplus) / Deficit for year 2007/08</b>	<b>135</b>	<b>(13)</b>	<b>122</b>
<b>Comparatives for 2006/07</b>			
Expenditure	160	764	924
Income	(56)	(740)	(796)
<b>Deficit for year 2006/07</b>	<b>104</b>	<b>24</b>	<b>128</b>

#### 6.4 Agency Income and Expenditure

Oxford City Council carried out certain work on an agency basis on behalf of Oxfordshire County Council for which it is fully reimbursed.

	2007/08 £000's	2006/07 £000's
Routine maintenance	1,037	1,070
Administrative costs	92	93
Other	0	58
<b>Total amount reimbursable</b>	<b>1,129</b>	<b>1,221</b>

#### 6.5 Local Authority (Goods and Services) Act 1970

Under powers contained in the Local Authority (Goods & Services) Act 1970, the Council provided services to various local Housing Associations, Cherwell District Council, Vale of White Horse District Council, West Oxfordshire District Council, and Oxfordshire County Council. Income in 2007/08 amounted to £1,711,456 (£1,925,699 in 2006/07) against expenditure incurred of £1,715,208 (£1,914,271 in 2006/07).

## 6.6 Members' Allowances

	2007/08 £'s	2006/07 £'s
<b>Members' Allowances</b>		
Basic Allowance	205,848	178,801
Special Responsibility Allowance	93,384	70,348
Carers Allowance	3,664	1,834
Computer Purchase Scheme	1,635	1,726
Travel Expenses	944	1,613
<b>Total Payments</b>	<b>305,475</b>	<b>254,322</b>

### Detailed Breakdown of Members Allowances 2007/08

Councillor Name	£'s	Councillor Name	£'s
M Abbasi	4,201	J McManners	5,960
M Altaf-Khan	9,990	S Mirza	4,201
A Armitage	6,512	P Murray	10,503
A Bance	6,302	S Phelps	6,487
E Benjamin	7,177	S Pressel	4,473
C Brundin	6,416	R Price	8,645
J Campbell	10,485	S Roaf	4,201
M Clarkson	6,299	G Royce	4,413
L Cole	4,201	D Rundle	12,694
C Cook	6,302	G Sanders	4,543
S Craft	4,682	M Sareva	6,238
S Dhall	4,333	P Sargent	4,442
J Fooks	10,617	C Scanlan	4,201
J Goddard	21,006	M Sellwood	6,302
T Gray	4,201	C Simmons	5,504
A Hollander	4,633	D Sinclair	4,492
R Humberstone	4,201	S Tall	5,227
R Huzzey	4,201	J Tanner	6,034
B Keen	6,543	R Timbs	4,251
C Kent	4,309	E Turner	8,331
S Khan	4,281	O Van Nooijen	5,960
J Lacey	4,201	C Van Zyl	12,094
T MacGregor	4,309	D Williams	4,491
S Malik	6,408	N Young	5,978
		<b>Total</b>	<b>305,475</b>

## 6.7 Higher Paid Employees

The Council is required to disclose, in bands of £10,000, the number of employees whose remuneration was over £50,000 in the year. Remuneration excludes pension contributions but includes redundancy payments and all taxable benefits paid to or receivable by an employee.

Remuneration Band	Number of employees 2007/08	Number of employees 2006/07
£50,000 - £59,999	9	10
£60,000 - £69,999	2	2
£70,000 - £79,999	2	3
£80,000 - £89,999	0	1
£90,000 - £99,999	1	0
£100,000 - £109,999	1	0
£140,000 - £149,999	1	0
<b>Total Number</b>	<b>16</b>	<b>16</b>

## 6.8 Related Parties

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

- ❖ **Central Government** - Central Government provides 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.
- ❖ **Member's and Officer's Interests** - No material interests have been declared.
- ❖ **South Oxfordshire Housing Association** - The Council undertakes maintenance work to the Association's dwellings under contract.
- ❖ **Oxford City Centre Management Company** - The Council is on the board but do not have an interest.
- ❖ **Oxford Inspires** - The Council is on the board but do not have an interest.
- ❖ **Local Improvement Finance Trust** - The Council holds no interest but does sit on an advisory board.

## 6.9 Audit Costs

	2007/08 £000's	2006/07 £000's
External audit service	236	237
Certification of grant claims & returns	65	70
Statutory inspections	2	10
Other	0	23
<b>Total</b>	<b>303</b>	<b>340</b>

## 6.10 Interest Receivable

Interest is credited in the year in which it is due, as opposed to the year in which it is received. Income due to the council was £2.7m in 2007/08 (£2.2m in 2006/07).

## 6.11 Finance and Operating Leases

The Authority uses cars, vans, trailers, tippers, dustcarts, photocopiers and CCTV equipment financed under terms of a lease. The types of lease are detailed below. A finance lease exists if all risks and rewards of ownership of an asset transfer to the lessee or if the total rental costs on a lease is over 90% of the cost of the asset. An operating lease is anything other than a finance lease. Under the Prudential Borrowing powers, the Authority is moving away from taking out new operating leases and is purchasing direct instead.

	2007/08 £000's	2006/07 £000's
Operating Lease	397	578
Finance Lease	7	7
<b>Total</b>	<b>404</b>	<b>585</b>

### Future Rental Liabilities under Operating Leases

The Authority is committed to making payments of £0.2m in 2008/09 (£0.478m in 2007/08) on our current operating leases.

	Vehicles £000's	Plant & Equipment £000's
<b>Leases expiring in:</b>		
2008/09	173	19
2009/10 to 2012/13	91	10
After 2012/13	0	0
<b>Total</b>	<b>264</b>	<b>29</b>

### Future Rental Liabilities under Finance Leases

The Authority holds various fixed assets, principally vehicles and office equipment under finance leases. The total commitment in 2007/08 was £41,004 (£41,004 in 2006/07).

	Vehicles, Plant & Equipment £000's
<b>Obligations payable in:</b>	
2008/09	7
2009/10 to 2013/14	27
After 2013/2014	7
<b>Total</b>	<b>41</b>

The above finance leases are all in the secondary rental period, and therefore no split between capital and interest is required. The above payments are charged to service accounts.

### Authority as Lessor

The authority has granted a number of leases to commercial operations, accounted for as finance leases. The aggregate rentals receivable in 2007/08 were £6.82m (£6.83m in 2006/07). The net investment in finance leases of property was £127.5m in 2007/08 (£124.8m in 2006/07).

### 6.12 Minimum Revenue Provision

The Council is required to make a minimum provision within its revenue account for debt repayment (MRP), calculated as a percentage of its Capital Financing Requirement (CFR) at the start of the financial year. At 1<sup>st</sup> April 2007 the council had a negative non-housing MRP and therefore no provision is required in 2007/08.

### 6.13 Special Expenses

The Council covers both parished and unparished areas. Parishes can issue their own precept to cover the costs of services they provide. In the remainder of the City, the Council provides services that in other areas would be provided by a Parish. It maintains a Special Expenses Account for the unparished area and levies a supplementary Council Tax for this area. Expenditure for this account was:

	2007/08 £000's	2006/07 £000's
Street Furniture	199	101
Ditches & Streams	109	44
Parks & Open Spaces	101	109
Community Recreation	80	105
Allotments	17	25
Cemeteries	15	8
<b>Total</b>	<b>521</b>	<b>392</b>

## Balance Sheet

### 6.14 Movements in Tangible Fixed Assets

	Operational					Non-operational	Total £000's
	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles & Plant £000's	Infra- structure £000's	Community Assets £000's	Investment Properties £000's	
Valuation	577,780	107,499	4,571	1,029	5,987	107,487	804,353
Accumulated depreciation	(9,630)	(7,051)	(1,557)	(11)	0	0	(18,249)
<b>Net book value of assets at 1st April 2007</b>	<b>568,150</b>	<b>100,448</b>	<b>3,014</b>	<b>1,018</b>	<b>5,987</b>	<b>107,487</b>	<b>786,104</b>
<b>Movements during 2007/08</b>							
Additions	9,422	630	1,774	0	604	3,088	15,518
Disposals	(3,951)	(448)	0	0	0	(14,814)	(19,213)
Revaluations in year	(6,584)	6,435	0	22	(572)	7,648	6,949
Impairments	(3,049)	(914)	0	0	0	(951)	(4,914)
Depreciation for year	(9,630)	(4,937)	(684)	(9)	0	0	(15,260)
Written back depreciation on disposals & revaluations	191	3,710	390	1	0	0	4,292
Re-classification of assets	0	(1,489)	0	(844)	(2,396)	4,729	0
Miscellaneous adjustments	0	(326)	(398)	0	0	0	(724)
<b>Net book value of assets at 31st March 2008</b>	<b>554,549</b>	<b>103,109</b>	<b>4,094</b>	<b>188</b>	<b>3,623</b>	<b>107,188</b>	<b>772,752</b>
Gross book value	573,617	111,387	5,947	207	3,623	107,188	801,968
Accumulated depreciation	(19,068)	(8,278)	(1,852)	(19)	0	0	(29,217)

The net book value of assets as at 1<sup>st</sup> April 2007 has been restated because of a few prior year corrections made for disposals and written-back depreciation.

## 6.15 Capital Expenditure and Financing

	2007/08 £000's	2006/07 £000's
<b>Opening Capital Financing Requirement</b>	7,516	6,007
<b>Capital investment</b>		
Operational assets	12,430	15,052
Non-operational assets	3,088	59
	<u>15,518</u>	<u>15,111</u>
Deferred charges	4,457	3,181
<b>Sources of finance</b>		
Capital receipts	9,051	7,831
Government grants and other contributions	8,312	7,715
Sums set aside from revenue	689	1,237
	<u>9,438</u>	<u>7,516</u>
<b>Closing Capital Financing Requirement</b>	<u>9,438</u>	<u>7,516</u>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrow (unsupported by Government financial assistance)	1,922	1,509
	<u>1,922</u>	<u>1,509</u>
<b>Increase in Capital Financing Requirement</b>	<u>1,922</u>	<u>1,509</u>

## 6.16 Deferred Charges

As per the Statement of Recommended Practice (SoRP), all expenditure in the Capital Programme classed as deferred charges is cleared down to the balance sheet prior to the year-end, and then written off to the relevant revenue codes. Funding from the Capital Financing Reserve is then transferred to revenue, the result of these transactions being no overall change to revenue accounts, and no deferred charges on the balance sheet.



## 6.17 Capital Commitments

At 31<sup>st</sup> March 2008 the Council had entered into contractual commitments on the following schemes:

	2008/09 £000's
<b>Contractual Commitments:</b>	893
Refurbishment to Bonn Square	519
Vehicle & Plant Replacement	148
Essential Work to the Ice Rink	100
Loft Insulation - Means Tested Scheme	
Oxford City Homes	1,000
Non Traditional	250
Kitchen	230
Fire Doors	168
Windows	123
Heating	59
Other	10
Roofing	
<b>Total</b>	<b>3,500</b>

The Council's approved capital programme for the period to 31<sup>st</sup> March 2011 totalled £64.7m and is analysed in the table below:

	2008/11 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's
<b>Expenditure Approved as at 31st March 2008</b>				
HRA - Decent Homes	45,919	17,013	14,702	14,204
Other	5,164	3,200	1,714	250
Refuse & Recycling Vehicle Replacements	4,639	1,852	1,340	1,447
Environmental Health Grants	2,700	900	900	900
Building Improvements general (including DDA)	2,612	812	900	900
Community Centres	1,600	350	600	650
Refurbishment of Bonn Square	893	893	0	0
Park and Ride Improvements	849	849	0	0
Ice Rink Major Works	148	148	0	0
Business Systems Infrastructure	120	120	0	0
Temple Cowley Pool Refurbishment	77	77	0	0
<b>Total</b>	<b>64,721</b>	<b>26,214</b>	<b>20,156</b>	<b>18,351</b>

## 6.18 Information on Assets Held

All capital expenditure incurred during 2007/08 has been examined to determine whether new assets have been created. If so, the value of fixed assets shown on the balance sheet has been increased accordingly.

Where significant expenditure on existing assets has been incurred, the relevant asset has been increased and the new figure included on the balance sheet as an addition.

External valuation of property assets have been carried out by Cluttons LLP, Seacourt Tower, West Way, Oxford, OX2 0JP and are covered by their certificate dated 31<sup>st</sup> March 2008. The Council Dwellings were not due for revaluation in 2007/08 and are therefore covered by the certificate dated 31<sup>st</sup> March 2006.

Our assets are valued in the balance sheet in the following way:

- ❖ Council Dwellings - existing use for social housing
- ❖ Other Land & Buildings - lower of the net current replacement cost and the net realisable value for their existing use
- ❖ Vehicles, Plant & Equipment - historic cost
- ❖ Infrastructure – depreciated replacement cost. This is a change from the SoRP because the historic cost is unobtainable for these assets
- ❖ Community Assets – mixture of historic cost for assets such as land, and existing use value for the buildings on the land. This is a slight departure from the SoRP because of the nature of our assets
- ❖ Investments - lower of net current replacement cost and net realisable value, normally open market value

The effect on the balance sheet of the departures from the SoRP mentioned above is not considered material.

## 6.19 Valuation of Fixed Assets Carried at Current Value

	Council Dwellings £000's	Other Land & Buildings £000's	Vehicles & Plant £000's	Infra-structure Assets £000's	Community Assets £000's	Investment Properties £000's	Total £000's
<b>Valued at historic cost:</b>	0	0	4,095	0	3,426	0	7,521
<b>Valued at current value:</b>							
2007/08	0	38,811	0	74	0	20,565	59,450
2006/07	0	45,053	0	0	0	45,954	91,007
2005/06	554,549	18,363	0	107	21	36,778	609,818
2004/05	0	764	0	0	75	3,355	4,194
2003/04	0	37	0	0	0	112	149
<b>Valued below de-minimis level:</b>	0	81	0	7	101	424	613
<b>Total</b>	<b>554,549</b>	<b>103,109</b>	<b>4,095</b>	<b>188</b>	<b>3,623</b>	<b>107,188</b>	<b>772,752</b>

## 6.20 Depreciation

The authority is required to depreciate all assets with a finite useful life, which can be determined at the time of acquisition or revaluation. Therefore we do not charge depreciation on any land, community assets or investment properties. Where depreciation is charged, it is done so on a straight-line basis and is not charged in the first year of acquisition or re-valuation.

## 6.21 Intangible Fixed Assets

In 2007/08 the Council had no intangible fixed assets such as software and licenses as these are all charged to revenue, in full, in the year of acquisition.

## 6.22 Analysis of net assets employed

	2007/08 £000s	2006/07 £000s
General Fund	(75,631)	(85,337)
Housing Revenue Account	806,359	810,836
<b>Total</b>	<b>730,728</b>	<b>725,499</b>

## 6.23 Operational Assets – Useful life

The majority of Council Dwellings have a useful life of 40-60 years. Although the range for Other Buildings and Infrastructure is large, the majority of assets have a useful life of 40-60 years, with all land having a life of 100 years. Plant, Vehicles and Equipment have a slightly shorter useful life at only 3-20 years.

	Council Dwellings Years	Other Buildings Years	Plant & Equipment Years	Vehicles Years	Infrastructure Assets Years	Community Assets Years
Useful Life	40 - 60	10 - 80	3 - 20	3 - 10	40	10 - 100

As an example: Public Toilets have an average life of 10 years whereas the Town Hall currently has a life of 80 years. Within Community Assets, all land has a default life of 100 years whereas the pavilion on that land would only have an average life of 10 years.

## 6.24 Fixed Assets by Number

	Total Number 2007/08	Total Number 2006/07		Total Number 2007/08	Total Number 2006/07
<b>Operational Properties</b>			<b>Investments</b>		
Car Parks	19	19	Agricultural Property	24	24
Community Centres	22	22	Car Parks	5	5
Council Dwellings	7876	7967	Land Awaiting Development	16	17
Depots & Workshops	10	10	Misc. Land	42	43
Garages	2333	1	Misc. Property	16	18
Hostels	4	4	Offices	16	16
Housing Estate Shops	68	68	Other Commercial Property	42	41
Misc. Social Partnership	38	38	Public Houses	11	11
Other	2	2	Restaurants & Cafes	10	10
Museums & Galleries	2	2	Shopping Centres	3	3
Offices	14	14	Shops	69	69
Other Dwellings	35	42	Theatres & Cinemas	2	2
Park & Cemetery Buildings	21	21	Utility Property & Sites	100	101
Public Toilets	19	20	<b>Total Investment Properties</b>	<b>356</b>	<b>360</b>
Sports Centres & Pools	13	13			
<b>Total Operational Properties</b>	<b>10,476</b>	<b>8,243</b>	<b>Infrastructure</b>		
			Bridges	4	4
			Footpaths & Unadopted Roads	13	13
			<b>Total Infrastructure</b>	<b>17</b>	<b>17</b>
<b>Community Assets</b>			<b>Plant &amp; Equipment</b>		
Allotments	31	31	Office equipment	10	10
Civic Regalia	235	235	Vehicles and Plant	215	138
Historic Buildings	6	5	<b>Total Plant and Equipment</b>	<b>225</b>	<b>148</b>
Misc. Amenity Land	103	103			
Parks & Open Spaces	117	96			
<b>Total Community Assets</b>	<b>492</b>	<b>470</b>			
			<b>Total Assets</b>	<b>11,566</b>	<b>9,238</b>

Some of these numbers look very different compared to last year because during 2007/08 there has been a major review of which category each asset was in. This resulted in quite a few category changes but a much more streamlined asset register. Also, for the first time we are able to identify exactly how many garages we have rather than having them as a single asset.

## 6.25 Impairment

All assets have been reviewed in detail for impairment in 2007/08, and adjustments made for those assets whose value has reduced either as a result of general movement in market prices or due to their condition and usage.

The major impairments in 2007/08 were of Community Centres and Redbridge Park & Ride. For Community Centres, this is related to the maintenance backlog which the Council currently has. In respect of Redbridge Park & Ride, it was deemed that the capital spend on the asset in 2006/07, did not contribute to any rise in value of the asset when revalued at 31<sup>st</sup> March 2008. Further information on the 5 largest impairments in the year can be found in note 12.4.

## 6.26 Deferred Capital Receipts

Deferred capital receipts are amounts derived from sales of assets which will be received in instalments over agreed periods of time, and from mortgages on sales of council houses. The value of deferred capital receipts, and for the sale of fixed assets where part of the proceeds are due to be received after the end of the financial year, for 2007/08 is £10,912,925 (£5,299,791 in 2006/07).

## 6.27 Long Term Borrowing

	Outstanding at 31 March 2008 £000's	Outstanding at 31 March 2007 £000's
<b>Analysis of loans by lender</b>		
Public Works Loans Board - fixed rate	7,371	7,747
Local Bonds	4	4
<b>Total</b>	<b>7,374</b>	<b>7,750</b>
<b>Analysis of loans by maturity</b>		
Between 1 and 2 years	2,128	570
Between 2 and 5 years	2,234	3,542
Between 5 and 10 years	2,822	3,638
<b>Total</b>	<b>7,184</b>	<b>7,750</b>

Analysis of loans by lender includes a figure of £190,000 which is the accrued interest on the outstanding balance. It is not a requirement to show this under Analysis of loans by maturity.

Long-term loans with less than 12 months until maturity have been classified as short-term borrowing and are shown directly on the balance sheet. As at 31<sup>st</sup> March 2008 they totalled £0.6m (£3.5m as at 31<sup>st</sup> March 2007).

## 6.28 Long Term Investments

	Cost 2007/08 £000's	Nominal Value 2007/08 £000's	Market Value 2007/08 £000's	Cost 2006/07 £000's
2.5% Consolidated Stock	28	39	21	28
3.5% War Stock	4	4	3	4
<b>Long Term Investments</b>	<b>2,000</b>	<b>0</b>	<b>2,000</b>	<b>2,000</b>
<b>Total</b>	<b>2,032</b>	<b>42</b>	<b>2,024</b>	<b>2,032</b>

## 6.29 Deferred Liabilities

The total value of deferred liabilities in 2007/08 was £7,354,892 (£9,992,663 in 2006/07). This consists of a liability to South Oxfordshire District Council of £2.1m at 31st March 2008 (£2.3m at 31st March 2007) for debt outstanding on assets transferred to Oxford City Council at the 1991 boundary change. Another £3.7m (£6.1m in 2006/07) is for developer contributions which we reserve for future capital schemes, £0.7m (£0.7m in 2006/07) from developers for revenue maintenance, and a further £0.7m (£0.8m in 2006/07) for Developer Contributions Unapplied.

## 6.30 Long Term Assets

	2007/08 £000's	2006/07 £000's
Rent to Mortgage Loans	4,751	4,751
Key Worker Housing Loans	338	338
Council House Mortgages	117	152
St. Margarets Institute Long Term Debt	30	0
Oxford Women's Training Scheme	19	30
Blackbird Leys Community Centre Loan	5	11
Oxford Lesbian & Gay Centre Loan	0	5
<b>Total</b>	<b>5,260</b>	<b>5,287</b>

## 6.31 Stock

	2007/08 £000's	2006/07 £000's
Building Works	335	342
City Works	141	137
Engineering Services	57	45
Goods for Resale	53	110
<b>Total</b>	<b>585</b>	<b>634</b>

## 6.32 Work in Progress

	2007/08 £000's	2006/07 £000's
Building Works	284	165
<b>Total</b>	<b>284</b>	<b>165</b>

### 6.33 Debtors

	Total debt outstanding 2007/08 £000's	Provision for bad debts 2007/08 £000's	Net debtor 2007/08 £000's	Net debtor 2006/07 £000's
Government Departments	2,296	0	2,296	423
Other Local and Public Authorities	211	0	211	334
Tenants (Housing Revenue Account)	1,516	(719)	798	879
Sundry Debtors	5,822	(129)	5,692	6,646
Sale of TA Centre, Mascall Avenue	5,649	0	5,649	0
Housing Benefit Overpayments	3,187	(2,422)	765	912
Non Domestic Rate	1,762	(1,159)	603	964
Council Tax	5,551	(2,701)	2,850	3,088
<b>Total</b>	<b>25,994</b>	<b>(7,130)</b>	<b>18,864</b>	<b>13,246</b>

### 6.34 Creditors

	2007/08 £000's	2006/07 £000's
<b>Receipts in Advance</b>		
Council Tax	(1,148)	(1,452)
Non Domestic Rates	(749)	(1,829)
Housing Rents	(645)	(587)
Commercial Rent	(1,495)	(1,392)
Other	(691)	(534)
<b>Sub Total</b>	<b>(4,728)</b>	<b>(5,794)</b>
<b>Grants Over-Claimed</b>		
Housing Benefit Subsidy	(1,501)	(725)
<b>Sub Total</b>	<b>(1,501)</b>	<b>(725)</b>
<b>Taxes Due (from City Council)</b>		
Income Tax	(474)	(486)
National Insurance	(448)	(462)
<b>Sub Total</b>	<b>(922)</b>	<b>(948)</b>
<b>Other Creditors</b>		
Pensions Contributions due to County Council	(670)	(694)
Interest on Borrowing	0	(224)
Sundry Creditors	(8,643)	(7,183)
<b>Sub Total</b>	<b>(9,313)</b>	<b>(8,101)</b>
<b>Total</b>	<b>(16,464)</b>	<b>(15,568)</b>

### 6.35 Self Insurance

The Council maintains a self-insurance fund as an alternative to the insurance market. It is used to meet claims up to specified amounts, above which the Council insures through external insurers. The fund covers public liability claims (up to £50,000 each) and building claims (up to £100,000 each).

	2007/08 £000's	2006/07 £000's
Contribution to Fund	294	117
Claims	(180)	(112)
<b>Increase in Earmarked Reserve</b>	<b>114</b>	<b>4</b>

### 6.36 Provisions

	2007/08 £000's	Movement in Year £000's	2006/07 £000's
<b>Singletree Repair and Maintenance</b> To cover major work in respect of the properties owned by leaseholders. When the leasehold properties are resold a percentage of the resale value is paid into the provision.	(197)	(90)	(108)
<b>Capitalised Pension Cost Provision</b> To fund the 5 year effect of early retirement/capitalised cost. Funded by taking the whole of the capitalised cost (from the service department of the employee) in the year in which retirement took place and only releasing 1/5 of the fund each year when the annual bill becomes due (paid from Non-Distributed Costs cost centre).	(34)	(34)	0
<b>Part Time Pensions</b> Provision was for potential increase in pension costs resulting from court actions taken out by individual part-time employees. There are now no further court proceedings and the provision is no longer required.	0	55	(55)
<b>Abbey Place Sinking Fund</b> To cover major repair and maintenance work in respect of the properties owned by leaseholders.	(4)	0	(4)
<b>Housing Benefits</b> Required to cover potential liability to repay subsidy to DWP relating to 2 schemes operating in the 1990's. A settlement has been paid during 2007/08.	0	1,028	(1,028)
<b>Lease Agreement of Southfield Park</b> Required to cover increase in site rent due from 1 April 2004. Agreement on the size of the increase has not been reached and will now be referred to arbitration. Notice was issued to incorrect party so no agreement achieved in 2007/08.	(446)	(111)	(334)



	2007/08 £000's	Movement in Year £000's	2006/07 £000's
<b>OXRENT Modernisation Element Compensation</b>			
All clients affected by the rent restructuring calculation have been paid. The balance has been returned to the revenue account.	0	28	(28)
<b>Burial of the Dead Provision</b>			
Required to retain any assets (cash etc.) found with deceased persons belongings where no family members can be found to make arrangements for them. Assets are held on their behalf for a period of time until family connections are made. If not, then assets are eventually passed over to the State.	(9)	0	(9)
<b>Lord Mayors Deposit Scheme</b>			
Additional funding was received during the year from the Lord Mayor of Oxford and 11 claims were made against bonds set aside.	(56)	(12)	(44)
<b>Concessionary Bus Fares</b>			
The re-appeal of 2006/07 and 2007/08 payments have been finalised and the final payments have been agreed with the bus companies. Therefore, the provision is no longer required.	0	708	(708)
<b>Oxfordshire Sports Partnership Contingency</b>			
To meet costs arising from the procurement of employment	(40)	(20)	(20)
<b>Pension Increase Due</b>			
Based on advice from Oxfordshire County Council, a provision (equivalent to 2.1% of contributions) was made to take account of the impact of the revocation of the April 2005 Pensions Act on pension costs for 2006/07 & 2007/08. The effect of act has been built into base budgets in individual service areas. Therefore the provision has been returned to general balances.	0	728	(728)
<b>Job Evaluation Provision</b>			
We have reviewed the status of equal pay and created a reserve.	0	452	(452)
<b>Renaissance Provision</b>			
The 2004/05 and 2005/06 claims have been settled with the DWP, resulting in £270k to be recovered in 2008/09 (this figure is included within creditors).	0	346	(346)
<b>Choice Based Letting Sub Regional Funding</b>			
Choice Based Letting went live on 1st February 2008. Sub-Regional Funding was not used in 2007/08. A financial plan for funding went to Executive Board in December 2007, outlining a spend profile over the next 2 years.	(101)	0	(101)
<b>Total</b>	<b>(887)</b>	<b>3,078</b>	<b>(3,965)</b>

### 6.37 Movement on Reserves

	2007/08 £000's	Movement in Year £000's	2006/07 £000's
<b>Capital Adjustment Account</b>			
Store of capital resources set aside to meet past expenditure and the closing balance of the Fixed Asset Restatement Account	(741,841)	(741,841)	0
<b>Capital Financing Account</b>			
Replaced with the Capital Adjustment Account	0	28,622	(28,622)
<b>Revaluation Reserve Account</b>			
Store of gains on revaluation of fixed assets	(13,874)	(13,874)	0
<b>Fixed Asset Restatement Account</b>			
Replaced with the Revaluation Reserve Account	0	742,621	(742,621)
<b>Usable Capital Receipts</b>			
Proceeds of fixed asset sales available to meet future capital investment	(6,460)	(3,632)	(2,828)
<b>Deferred Capital Receipts</b>			
Money owed when the Council issues mortgages for Right to Buy sales of council houses, and when receipts from asset sales are due after the balance sheet date	(10,913)	(5,613)	(5,300)
<b>Pensions Reserve</b>			
Balancing amount to allow inclusion of Pensions Liability in the Balance Sheet	60,046	(4,590)	64,636
<b>Major Repairs Reserves</b>			
Balance not spent on major repairs	(3)	(3)	0
<b>General Fund</b>			
Resources available to meet future running costs for non-housing services	(6,976)	(2,264)	(4,712)
<b>Housing Revenue Account</b>			
Resources available to meet future running costs for council houses	(3,965)	4	(3,969)
<b>Collection Fund</b>			
This represents the Councils share of the Collection Fund (surplus) / deficit	45	122	(77)
<b>Earmarked Reserves</b>			
See Note 6.38	(6,787)	(4,781)	(2,006)
<b>Total</b>	<b>(730,728)</b>	<b>(5,229)</b>	<b>(725,499)</b>

## 6.38 Earmarked Reserves

	2007/08 £000's	Movement in Year £000's	2006/07 £000's
<b>St Margarets Institute</b>			
Set aside to meet loan given for charitable organisation.	(30)	70	(100)
<b>Cemetery Maintenance</b>			
Created to meet future maintenance liabilities.	(19)	0	(19)
<b>Taxis</b>			
Reserve from increased taxi licensing fees and additional licensing numbers.	(44)	(15)	(28)
<b>IT Equipment Reserve (HRA)</b>			
Replacement plan to upgrade 96 computers in 2007/08. Plan to contribute £70k to the set-up of Customer Relationship Module and £20k for hand-held technology in 2008/09.	(358)	77	(436)
<b>Town Hall Equipment Reserve</b>			
Some money used to replace the Town Hall display equipment.	(32)	22	(54)
<b>Work Of Art Reserve</b>			
Purchases of works of art for Civic Collection.	(5)	(1)	(4)
<b>Shopmobility Equipment Reserve</b>			
Purchases of motorised wheelchairs.	(20)	1	(21)
<b>Job Evaluation Reserve</b>			
To cover incidental costs of single status implementation	(1,367)	(1,367)	0
<b>Customer Services Server Replacement</b>			
Replace computer equipment within the Business Unit.	(72)	0	(72)
<b>Car Park Security Reserve</b>			
Removal of ring-fenced budget back to General Fund.	0	140	(140)
<b>Self Insurance Fund</b>			
Created as a self-insurance fund.	(930)	(114)	(816)
<b>Oxford Business Contributions</b>			
To be used for future partnership projects.	(52)	(12)	(41)
<b>Performance Reward Grant</b>			
Earmarked for investment in performance improvements.	(101)	57	(158)
<b>Giro Payments Control Account Reserve</b>			
This was the balance on the giro payments control account as at the end of last financial year.	(53)	64	(117)
<b>SALIX Energy Projects</b>			
Balance of funding from Carbon Trust and Renewable Energy bids. Fund to be used for future energy saving projects done by Environmental Development. All future expenditure spent on projects will be matched by further SALIX funding.	(193)	(193)	0
<b>Non SALIX Energy Projects</b>			
Balance of funding originally related to Energy Manager post. Now being used for Non-SALIX related projects.	(12)	(12)	0
<b>Decent Homes Capital Reserve</b>			
Moved from the general HRA reserve as these revenue contributions will be used towards funding the Decent Homes Capital Programme.	(2,497)	(2,497)	0
<b>IT Infrastructure Reserve</b>			
To fund essential works on IT infrastructure, system upgrades and replacement.	(250)	(250)	0
<b>Repairs &amp; Maintenance Reserve</b>			
Contribution to be used as part of tackling the repairs & maintenance backlog.	(375)	(375)	0
<b>Restructuring Reserve</b>			
To fund costs associated with service restructures.	(375)	(375)	0
<b>Total</b>	<b>(6,787)</b>	<b>(4,781)</b>	<b>(2,006)</b>

## 6.39 Contingent Assets & Liabilities

There were no contingent assets or liabilities in 2007/08.

## 6.40 Financial Instruments

### Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- ❖ Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- ❖ Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- ❖ Re-financing risk – the possibility that the council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- ❖ Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- ❖ By formally adopting the requirements of the Code of Practice;
- ❖ By approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year
- ❖ By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members, along with any breaches to the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance.

The Council's treasury management team carries out these policies. The Council maintains written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

## Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria set out in the Council's Treasury Management Strategy.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2008 2007/08 £000's	Historical experience of default 2007/08 %	Adjustment for market conditions at 31st March 2008 2007/08 %	Estimated maximum exposure to default 2007/08 £000's
<b>Deposits with banks and financial institutions</b>				
AAA rated counterparties	3,000	0.000%	0.000%	0
AA rated counterparties	8,500	0.006%	0.006%	1
A rated counterparties	21,600	0.007%	0.007%	2
Other counterparties	0	0.627%	0.627%	0
Bonds - AAA rates	0	0.001%	0.001%	0
<b>Sub Total</b>	<b>33,100</b>			
<b>Debtors</b>				
Government Departments	2,296	0.000%	0.000%	0
Other Local and Public Authorities	211	0.000%	0.000%	0
Tenants (HRA)	1,516	47.427%	47.427%	719
Sundry Debtors	5,822	2.218%	2.218%	129
Sale of TA Centre, Mascall Avenue	5,649	0.000%	0.000%	0
Housing Benefit Overpayments	3,187	75.990%	75.990%	2,422
Non Domestic Rate	1,762	65.770%	65.770%	1,159
Council tax	5,551	48.657%	48.657%	2,701
<b>Sub Total</b>	<b>25,994</b>			
<b>Total</b>	<b>59,094</b>			<b>7,130</b>

The historical experience of default has been taken from Moody's, a credit rating organisation used by the Council and, applies to the period 1982-2005.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its trade debtors. The past due amount can be analysed by age as follows:

	2007/08 £000's
Less than three months	15,388
Three to six months	461
Six months to one year	3,135
More than one year	7,009
<b>Total</b>	<b>25,994</b>

### **Collateral**

During the reporting period the council held no collateral as security.

### **Liquidity Risk**

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required through the Code of Practice.

### **Refinancing and Maturity Risk**

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator sets a limit for the maturity structure of debt and a limit is placed on investments placed for greater than one year in duration. These are the key parameters used to address this risk. The Council approved treasury and investment strategies addressing the main risks and the Council's treasury team address the operational risks within the approved parameters. This includes:

- ❖ 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:

	2007/08 £000's
Less than one year	567
Between one and two years	2,128
Between two and five years	2,234
Between five and ten years	2,822
<b>Total</b>	<b>7,751</b>

The maturity analysis of financial assets is as follows:

	2007/08 £000's
Less than one year	31,100
Between one and two years	0
Between two and seven years	2,000
<b>Total</b>	<b>33,100</b>

All trade and other payables are due to be paid in less than one year and trade debtors of £25.8m are not shown in the table above.

### Market Risk

**Interest rate risk** – The Council is exposed to interest rate movement 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 I&E 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 I&E 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 I&E account of STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the I&E account and effect the General Fund balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated as Fair Value through the I&E account.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together 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 will 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.

If all interest rates had been 1% higher with all other variable held constant the financial effect would be:

	2007/08 £000's
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Impact on Income & Expenditure account	0
Increase in government grant receivable for financing costs	0
Share of overall impact debited to the HRA	0
Decrease in fair value of fixed rate investment assets	0
Impact on STRGL	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on I&E account of STRGL)	0
<b>Total</b>	<b>0</b>

The approximate impact of a 1% fall in interest rates would be as above with the movements reversed. These assumptions are based on the same methodology as used in the Note – Fair Value of Assets and Liabilities carried at amortised cost.

**Price Risk** – The Council, excluding the pension fund, does not generally invest in instruments with this type of risk.

**Foreign exchange risk** – The council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

#### 6.41 Post balance sheet events

The Council are not aware of any post balance sheet events.



## Cash Flow

### 6.42 Reconciliation of Revenue Surpluses to Net Revenue Cash Flow

	2007/08 £000's	2006/07 £000's
General Fund (surplus)/deficit	(2,264)	1,086
Housing Revenue Account (surplus)/deficit	4	(1,192)
Collection Fund (surplus)/deficit	122	123
<b>Sub total</b>	<b>(2,138)</b>	<b>17</b>
<b>Adjustments for non-cash transactions</b>		
Revenue Contribution to/(from) Reserves/Provisions	(262)	2,738
<b>Items on an accruals basis</b>		
Increase/(decrease) in debtors	5,618	(1,876)
(Increase)/decrease in creditors	(896)	2,263
Increase/(decrease) in stock	(49)	(16)
Increase/(decrease) in work in progress	119	(3)
<b>Sub total</b>	<b>4,530</b>	<b>3,106</b>
<b>Items included under other classifications</b>		
Interest payments	(1,222)	(1,068)
<b>Sub total</b>	<b>(1,222)</b>	<b>(1,068)</b>
<b>Net Cash Flow from revenue activities</b>	<b>1,170</b>	<b>2,055</b>

### 6.43 Reconciliation of Movement in Cash to Net Debt

	As at 31.3.08 £000's	Movement £000's	As at 31.3.07 £000's
Cash in Hand	72	58	14
Cash Overdrawn	(860)	931	(1,791)
<b>Total</b>	<b>(789)</b>	<b>988</b>	<b>(1,777)</b>

## 6.44 Government Grants

	2007/08 £000's	2006/07 £000's
Planning Delivery	(485)	(402)
Performance Reward	(202)	0
Local Authority Business Growth Incentive	(185)	(653)
Concessionary Bus Fares	(90)	0
<b>Total Government Grants</b>	<b>(963)</b>	<b>(1,055)</b>

## 7. SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

### 7.1 Housing Revenue Account Income and Expenditure Account

	2007/08 £000's	2006/07 £000's
<b>Income</b>		
Dwelling rents	(29,196)	(27,443)
Non-dwelling rents	(1,357)	(1,338)
Charges for services & facilities	(1,173)	(1,073)
<b>Total Income</b>	<b>(31,726)</b>	<b>(29,854)</b>
<b>Expenditure</b>		
Repairs and maintenance	7,648	7,631
Supervision and management	7,003	7,272
Rents, rates, taxes & other charges	196	205
Increase in bad debt provision	168	53
Subsidy payable	7,127	6,804
Depreciation of fixed assets	10,030	10,055
Impairment	12,313	2,793
Deferred Contributions Depreciation	(8)	0
<b>Total Expenditure</b>	<b>44,477</b>	<b>34,813</b>
<b>Net Cost of HRA Services per Authority Income and Expenditure Account</b>	<b>12,751</b>	<b>4,959</b>
HRA services share of Corporate and Democratic Core	182	63
<b>Net Cost of HRA Services</b>	<b>12,933</b>	<b>5,022</b>
Interest payable and similar charges	1,244	1,316
Interest and investment	(270)	(86)
<b>Deficit for the year on HRA services</b>	<b>13,907</b>	<b>6,252</b>

### 7.2 Statement of Movement on the HRA Balance

	2007/08 £000's	2006/07 £000's
Deficit for the year on the HRA Income and Expenditure Account	13,907	6,252
Net additional amount required by statute to be credited to the HRA Balance for the year	(13,903)	(7,443)
<b>(Increase) / Decrease in the Housing Revenue Account Balance</b>	<b>4</b>	<b>(1,192)</b>
Housing Revenue Account surplus brought forward	(3,969)	(2,777)
<b>Housing Revenue Account surplus carried forward</b>	<b>(3,965)</b>	<b>(3,969)</b>

### 7.3 Note to the Statement of Movement on the HRA Balance

	2007/08 £000's	2006/07 £000's
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>		
Impairment	(12,313)	(2,705)
Other Appropriations - Contributions to / from reserves	2,957	0
Deferred Contributions	8	0
Net charges made for retirement benefits in accordance with FRS17	161	142
	<u>(9,188)</u>	<u>(2,562)</u>
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>		
Transfers from Major Repairs Reserve	(4,836)	(4,958)
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	71	77
Capital expenditure funded by the HRA	50	0
	<u>(4,715)</u>	<u>(4,881)</u>
<b>Net additional amount required by statute to be credited to the HRA Balance for the year</b>	<u>(13,903)</u>	<u>(7,443)</u>

## 7.4 Collection Fund

	2007/08 £000's	2006/07 £000's
<b>Income</b>		
Council Tax	(57,457)	(53,978)
Business ratepayers	(70,628)	(68,524)
<b>Transfers from General Fund</b>		
Council Tax benefits	(8,316)	(8,113)
Transitional relief	(3)	(24)
<b>Sub Total</b>	<b>(136,404)</b>	<b>(130,639)</b>
<b>Expenditure</b>		
Precepts	65,983	62,347
<b>Business rate</b>		
Payment to National Pool	70,403	68,317
Cost of Collection	228	231
<b>Bad and doubtful debts</b>		
Provisions	(3)	(439)
<b>Contributions</b>		
Towards previous year's estimated Collection		
Fund surplus	512	902
<b>Sub Total</b>	<b>137,123</b>	<b>131,357</b>
<b>Movement on fund balance</b>	<b>719</b>	<b>719</b>

## 8.0 NOTES TO THE SUPPLEMENTARY FINANCIAL STATEMENTS

### Housing Revenue Account

#### 8.1 Stock Analysis

##### Dwellings

	As at 31-Mar-08	As at 31-Mar-07
<b>Houses</b>		
1 bedroom	273	279
2 bedroom	858	863
3 bedroom	2,925	2,977
more than 3 bedroom	264	279
<b>Flats</b>		
1 bedroom	1,645	1,648
2 bedroom	1,744	1,732
3 bedroom	155	153
more than 3 bedroom	4	2
<b>Non Dwelling Properties</b>	22	0
<b>Hostels</b>	8	34
<b>Overall Total</b>	<b>7,898</b>	<b>7,967</b>

	As at 31-Mar-08	As at 31-Mar-07
<b>Summary of changes in Stock</b>		
Stock at 1st April 2007	7,967	8,042
Less Sales	(24)	(34)
Other Disposals	(45)	(41)
<b>Stock at 31st March 2008</b>	<b>7,898</b>	<b>7,967</b>

##### Garages and Parking Spaces

	As at 31-Mar-08	As at 31-Mar-07
Garages In Block	2,294	2,416
Garages Within Curtilage	16	276
Parking Spaces	39	50
<b>Overall Total</b>	<b>2,349</b>	<b>2,742</b>

	As at 31-Mar-08	As at 31-Mar-07
<b>Summary of changes in Garages &amp; Parking Spaces</b>		
Stock at 1st April 2007	2,742	2,789
Demolished	(393)	(47)
<b>Stock at 31st March 2008</b>	<b>2,349</b>	<b>2,742</b>

## 8.2 Stock Valuation

A valuation of the stock was carried out by Cluttons at 31<sup>st</sup> March 2006. The vacant possession value of dwellings at that date was estimated to be £1.3 billion. This is an indication of the open market value that might be obtained if the Council were in a position to dispose of the properties in that way. The Council is required to show in its balance sheet, the housing stock value on the existing use basis for social housing.

	2007/08 £000's	2006/07 £000's
<b>Asset Values by Asset Type</b>		
Council Dwellings	557,496	574,028
Other Land & Buildings	18,832	12,685
Vehicles & Plant	8	12
Infrastructure	0	668
Community Assets	78	7
Investment Properties	1,589	7,819
<b>Total Value</b>	<b>578,002</b>	<b>595,218</b>

## 8.3 Major Repairs Reserve

	2007/08 £000's	2006/07 £000's
<b>Opening Balance</b>	<b>0</b>	<b>0</b>
Transfer from Capital Financing Reserve	(10,030)	(10,055)
Excess of Depreciation on dwellings over Major Repairs Allowance	4,836	4,958
Financing of Capital Expenditure (MRA Applied)	5,190	5,097
<b>Closing Balance</b>	<b>(3)</b>	<b>0</b>

## 8.4 Capital Spending

	2007/08 £000's	2006/07 £000's
Buildings	9,428	10,890
Other assets	3,063	28
<b>Total Spend</b>	<b>12,491</b>	<b>10,918</b>
<b>Sources of Finance</b>		
Supported Borrowing	546	546
Major Repairs Allowance	5,191	5,097
Capital Receipts	6,754	5,243
Government Grants & Other Contributions	0	31
<b>Total Spend</b>	<b>12,491</b>	<b>10,918</b>

## 8.5 Capital Receipts

	2007/08 £000's	2006/07 £000's
Buildings	(9,754)	(4,340)
Administrative costs	115	165
<b>Total</b>	<b>(9,639)</b>	<b>(4,175)</b>

## 8.6 Depreciation

Depreciation is charged on the balance sheet value of assets, based on the estimated useful life. The main charge is for council dwellings that have an estimated useful life of 50 years. So that the charge does not impact upon the deficit or surplus for the year, an adjustment is made by transfer to the Major Repairs Reserve and Housing Subsidy.

	2007/08 £000's	2006/07 £000's
Council dwellings	9,630	9,689
Other land & buildings	396	254
Other assets	4	11
<b>Total</b>	<b>10,030</b>	<b>9,954</b>



## 8.7 Impairment

Impairment on the value of assets relates to HRA dwellings. There has been considerable expenditure incurred in bringing properties up to the decent homes standard. A change in the accounting treatment for 2007/08, has meant that the spend on each property is reviewed for pound-for-pound increase in value. Any enhancements which do not result in a pound-for-pound increase in value, are then recorded as impairment.

A number of properties were also demolished during the year which is also recorded as impairment. So that the charge does not impact on the HRA deficit and balances, an adjustment is made in accordance with HRA statutory requirements.

The total value of impairment for 2007/08 was £12,313,426 (£2,793,099 in 2006/07).

## 8.8 Deferred Charges

Deferred charges relate to capital expenditure which does not necessarily result in an asset. In 2007/08 and 2006/07, there were no deferred charges.

## 8.9 Housing Subsidy

Housing Revenue Account Subsidy represents the net amount paid by the authority to Central Government in respect of the surplus on the notional HRA. Rent Rebate Subsidy Limitation is a payment to the DWP because the average rent per council dwelling is higher than the Communities & Local Governments (CLG) guideline rent.

A provision was made for this in 2005/06, most of which was not required following the final audit of the Housing Benefit and Subsidy claims.

	2007/08 £000's	2006/07 £000's
Management and maintenance	12,748	12,125
Major Repairs Allowance	5,194	5,097
Charges for capital	2,750	3,022
Other items of reckonable expenditure	0	36
<b>Less:</b>		
Interest on receipts	(19)	(23)
Guideline rent income	(29,752)	(27,385)
Rent Constraint Allowance	1,390	
<b>Housing Subsidy Payable</b>	<b>(7,689)</b>	<b>(7,128)</b>
Adjustment to subsidy for prior year	562	(35)
Rent Rebate Subsidy Limitation	0	360
<b>Total</b>	<b>(7,127)</b>	<b>(6,804)</b>

## 8.10 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.

	2007/08 £000's	2006/07 £000's
Interest on cash balances	253	66
Interest on loans to individuals	17	20
<b>Total</b>	<b>270</b>	<b>86</b>

## 8.11 Financial Reporting Standard (FRS) 17 – Pensions

Included within the net cost of services, is the HRA share of contributions from the Pension Reserve. The pension contributions have been calculated in accordance with FRS 17. An adjustment is made after Net Operating Expenditure, so that there is no effect on the HRA surplus for the year.

## 8.12 Rent Arrears

	2007/08 £000's	%	2006/07 £000's	%
<b>Arrears Details</b>				
Current Tenants	1,077	3.64	1,161	4.19
Past tenants	148	0.50	166	0.60
<b>Overall</b>	<b>1,225</b>	<b>4.14</b>	<b>1,327</b>	<b>4.79</b>
<b>Total Rents due in year</b>	<b>29,612</b>		<b>27,719</b>	

	2007/08 £000's	2006/07 £000's
<b>Doubtful Debt provision</b>		
Opening balance	533	683
Write-offs in year	(207)	(203)
Additional provision	167	53
<b>Closing Balance</b>	<b>493</b>	<b>533</b>

## Collection Fund

### 8.13 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 nationally set uniform business rate. The amount collectable, less a cost of collection allowance set by CLG, and provisions for doubtful debts, is paid into the national non-domestic rate pool. For each type of authority (district, county, etc) a set amount per head is paid back.

The local rateable value as at 31st March 2008 was £201,381,650 (£201,270,160 at 31st March 2007). The multiplier for 2007/08 was set at 44.4 pence in the pound (42.6 pence for 2006/07).

### 8.14 Council Tax

Each dwellings is placed in one of eight valuation bands (A to H) based on its estimated value at 1st April 1991. The Council Tax is set for band D properties and tax for the other bands is calculated as a proportion of band D.

For 2007/08 the Council Tax was set at £240.53 for a band D property (2006/07 £233.52)

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	2,329	1,580	6/9	1,054
B	8,402	6,566	7/9	5,107
C	18,033	15,169	8/9	13,483
D	15,413	12,500	1	12,500
E	6,463	5,195	11/9	6,349
F	2,703	2,308	13/9	3,334
G	3,254	2,781	15/9	4,635
H	572	327	18/9	654
	<b>57,169</b>	<b>46,426</b>		<b>47,116</b>
<b>Crown Properties</b>				6
<b>Allowance of 2% for non-collection</b>				(942)
<b>Total</b>				<b>46,180</b>

### 8.15 Council Tax Income

	2007/08 £000's	2006/07 £000's
Billed to Council Tax Payers	(57,457)	(53,978)
Council Tax Benefits	(8,316)	(8,113)
<b>Total</b>	<b>(65,773)</b>	<b>(62,091)</b>

### 8.16 Precepts

	2007/08 £000's	2006/07 £000's
Oxfordshire County Council	48,447	45,745
Oxford City Council	11,108	10,590
Thames Valley Police Authority	6,428	6,012
<b>Total</b>	<b>65,983</b>	<b>62,347</b>

## 9. THE PENSION FUND ACCOUNTS

### 9.1 Income and Expenditure Account

The Council participates in the Oxfordshire County Council Pension Fund, a local government defined benefit pension scheme based on pensionable final salary.

In accordance with Financial Reporting Standard 17 (FRS17) all costs and liabilities for pensions are recognised in the revenue accounts as soon as they become apparent. In order to avoid fluctuations in Council Tax levels, any movement in the year in the shortfall or surplus on pensions is credited or charged to a reserve.

An analysis of the impact of FRS17 on the Income and Expenditure account and the Statement of Movement in the General Fund Balance during the year is shown below.

	2007/08 £000's	2006/07 £000's
<b>Net Cost of Service</b>		
Current service cost	6,010	6,200
Past service costs	1,690	660
<b>Net Operating Expenditure</b>		
Interest	10,700	9,320
Expected return on assets	(9,650)	(8,250)
<b>Net charge to the Income &amp; Expenditure Account</b>	8,750	7,930
<b>Statement of Movement in the General Fund Balance</b>		
Reversal of net charge made for retirement benefits in accordance with FRS17	(8,750)	(7,930)
<b>Actual amount charged against the General Fund for pensions in the year</b>		
Employers' contributions payable to the scheme	6,630	6,770

### 9.2 Pensions Assets and Liabilities

The latest actuarial valuation of the fund took place at 31<sup>st</sup> March 2007. The main assumptions used by the independent qualified actuaries in updating the latest valuation of the funds for the purpose of FRS17 are as follows:

	31st March 2008 % per annum	31st March 2007 % per annum
Rate of inflation	3.7	3.2
Rate of increase in salaries	5.2	4.7
Rate of increase to pensions in payment	3.7	3.2
Rate of increase to deferred pensions	3.7	3.2
Discount rate	6.8	5.3

Assets are valued at fair value, principally market value for investments. The value of total assets held by the Fund as a whole, in each asset type and their expected rate of return are as follows:

	Long-term rate of return expected at 31st March 2008 % per annum	Estimated value at 31st March 2008 £ million	Long-term rate of return expected at 31st March 2007 % per annum	Estimated value at 31st March 2007 £ million
Equity investments	7.6	709.5	7.7	757.61
Property	6.6	63.6	6.7	75.95
Government bonds	4.6	108.1	4.7	99.59
Corporate bonds	6.8	62.4	5.3	56.56
Other	6.0	70.2	5.6	61.88
<b>Total</b>	<b>7.1</b>	<b>1013.8</b>	<b>7.1</b>	<b>1051.59</b>

The funding position for the City Council's share of the pension fund is as follows:

	31st March 2008 £ million	31st March 2007 £ million
Share of assets	130.14	135.99
Estimated funded liabilities	182.48	192.67
Estimated unfunded liabilities	7.72	7.96
Deficit	(60.05)	(64.64)

The pension fund actuary estimated the shortfall at 1<sup>st</sup> April 2008 as £60.05m (£64.64m at 1<sup>st</sup> April 2007). The shortfall arose because life expectancy has steadily increased in recent years and the value of investments has not kept pace with the increase in potential liabilities for future pension payments.

During 2007/08 the position improved marginally with the value of investments reducing by 4%, and the estimated liability reducing by 5%. This reduced the overall deficit to £60.05m at 31<sup>st</sup> March 2008.

Eventually the shortfall in the pension fund will have to be made good. This has long-term implications for either the level of local taxation or for the level of services that we can afford.

The actuarial gains identified as movements on the Pension Reserve in 2007/08 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31<sup>st</sup> March 2007:

	2007/08		2006/07		2005/06		2004/05		2003/04	
	£000's	%	£000's	%	£000's	%	£000's	%	£000's	%
Differences between the expected and actual return on assets	(18,330)	(14.1)	730	0.5	16,230	13.1	4,870	5	10,621	12.1
Differences between actuarial assumptions about liabilities and actual experience	(540)	(0.3)	(460)	(0.2)	40	0.01	7,370	4.5	(1,761)	1.3
Changes in the demographic and financial assumptions used to estimate liabilities	25,580	13.4	1,090	0.5	(13,810)	7.3	(26,110)	15.9	(1,837)	1.3
	<u>6,710</u>		<u>1,360</u>		<u>2,460</u>		<u>(13,870)</u>		<u>7,023</u>	

## 10. GROUP ACCOUNTS

Under the terms of FRS9 where the Council has an interest in any other entity it is required to prepare a Group Income and Expenditure Account and Group Balance Sheet. The Council holds no interest in any other entity and therefore no group accounts have been produced.

Where either the Council, or its Members or Senior Officers, is connected with any other entity that it transacts any business with, it is required to disclose these as related party interests. These are shown in the Notes to the Core Financial Statements – 6.8 Related Parties.



## 11. GLOSSARY

<b>Accounts</b>	A generic term for statements setting out details of income and expenditure or assets and liabilities or both, in a structured manner. Accounts may be categorised either by the type of transactions they record, e.g. revenue account, capital accounts or by the purpose they serve, e.g. management accounts, final accounts, balance sheets.
<b>Accruals</b>	Sums included in the final accounts of the City 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.
<b>Agency</b>	Agreement that the Oxford City Council can perform highway repairs on behalf of the County Council in their areas.
<b>Audit</b>	An independent examination of an organisation's activities, either by internal audit or the organisation's external auditor.
<b>Audit Commission</b>	The Audit Commission was established by the Local Government Finance Act 1982. It has responsibility for the external audit of all local authorities. It can either use district auditors who are employed by the Audit Commission or firms of accountants.
<b>Capital Adjustment Account</b>	Reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
<b>Capital Charge</b>	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.
<b>Capital Expenditure</b>	Expenditure on the provision of lasting assets, for example land, buildings, road, vehicles and equipment such as computers.
<b>Capital Financing</b>	The raising of money to pay capital expenditure. In the past the cost of capital assets was usually met by borrowing, but capital expenditure may also be financed by other means such as leasing, contributions from revenue accounts, the proceeds from the sale of capital assets, capital grants, and contributions from developers or others.
<b>Capital Receipts</b>	Proceeds from the sale of assets which have a long term value.
<b>Chartered Institute of Public Finance &amp; Accountancy (CIPFA)</b>	The professional accountancy body concerned with local authorities and the public sector.
<b>Collection Fund</b>	A statutory fund maintained by a billing authority, which is used to record local rates and non domestic rates collected by the authority, along with payments to precepting authorities and the national pool of non-domestic rates, as well as into its own general fund.
<b>Communities &amp; Local Government (CLG)</b>	CLG works to create a thriving, sustainable, vibrant community that improves everyone's life.
<b>Contingent Liability</b>	A condition which exists at balance sheet date, where the outcome will be confirmed only on the occurrence or non occurrence of one or more uncertain events.
<b>Council Tax</b>	The local tax that pays for a proportion of council services. It replaced the poll tax in April 1993.
<b>Creditors</b>	Amounts owed by the City Council for work done, goods received or services rendered within the financial year for which payment has not yet been made.
<b>Current Asset</b>	An asset which will be used up during the next accounting period e.g stocks.
<b>Current Expenditure</b>	The general term for running costs including employee costs and running expenses but not debt charges.
<b>Current Liabilities</b>	Amounts which will become due or could be called upon during the next accounting period.
<b>Debtors</b>	Amounts owed to the City Council for services carried out during the financial year but not yet received.
<b>Deferred Liabilities</b>	This represents the liability for principal repayments on finance leases.

<b>Depreciation</b>	The theoretical losses in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.
<b>Financial Reporting Standards (FRS's)</b>	These are issued by the Accounting Standards Board and provide standards for the preparation of financial statements. Oxfordshire attempts to ensure that its accounts are prepared in accordance with FRS's (or SSAP's where these remain in force) where they apply to local authorities. Where this is not possible the reason is given in the Statement of Accounting Policies.
<b>Fixed Asset</b>	A tangible asset that yields benefit to the City Council and the services it provides for a period of more than one year.
<b>General Fund (GF)</b>	The main revenue account of a local authority from which revenue payments are made to meet the costs of providing services (such as wages, electricity, paper).
<b>Housing Benefit (HB)</b>	Payments to people on low incomes to assist them in meeting their housing costs.
<b>Housing Revenue Account (HRA)</b>	The separate account that local housing authorities must operate for the direct provision of housing.
<b>Impairment</b>	Impairment occurs where the recoverable amount of the fixed asset is lower than the carrying value amount.
<b>Intangible Assets</b>	Expenditure which has been capitalised but which does not always produce a fixed asset, e.g. renovation grants, software licences.
<b>Interest</b>	An amount received or paid for the use of a sum of money when it is invested or borrowed.
<b>Lease</b>	A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.
<b>Minimum Revenue Provision</b>	The minimum amount which must be charged to an authority's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage of outstanding debt.
<b>MRA</b>	Government Subsidy to the HRA to fund major repairs to the Council's housing stock.
<b>Non Domestic Rate</b>	A levy on businesses based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy.
<b>Operating Lease</b>	A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.
<b>Precept</b>	The levy made by precepting authorities (Oxfordshire County Council, Police) on billing authorities (the City Council) requiring the latter to collect income from council taxpayers on their behalf.
<b>Provision</b>	An amount of money put aside in the accounts for anticipated liabilities which cannot be accurately estimated eg provision for bad debts.
<b>Related Party Transactions</b>	Transactions where one of the parties involved has control or influence over the financial and operational policies of the other party.
<b>Reserves</b>	Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the City Fund.
<b>Revaluation Reserve</b>	Records unrealised net gains from revaluations made after 1st April 2007.
<b>Revenue Expenditure</b>	The City Council's day-to-day expenditure on items which include wages, stationery and interest charges.
<b>Revenue Support Grant (RSG)</b>	Government revenue grant paid by local authorities.
<b>S106 agreements</b>	Where a developer undertakes to provide community benefits (for example, a percentage of affordable housing).
<b>Stock</b>	Raw materials and stores which the City Council has bought and holds in stock for use as required.
<b>Work in Progress</b>	The cost of work done on an uncompleted project at a specified date which has not been recharged to the appropriate account at that date.

## 12. APPENDIX TO THE STATEMENT OF ACCOUNTS

### 12.1 Staff Costs

We have gathered together some data from the payroll system which we thought you might be interested in. Below is a table showing the full time equivalent (FTE) of staff and the average pay per employee within each Business Unit and in the Council as a whole.

Business Unit	2007/08	Average	Average	2006/07	Average	Average
	£'s	FTE	pay per	£'s	FTE	pay per
		2007/08	unit		2006/07	unit
			2007/08			2006/07
			£'s			£'s
Chief Executive	385,704	7.4	52,122	453,905	7.5	60,521
Business Systems	759,644	22.5	33,822	850,383	26.7	31,873
Legal & Democratic	985,268	29.8	33,085	1,042,017	30.4	34,333
Human Resources	658,468	20.6	31,933	612,808	20.7	29,662
Strategy & Review	931,724	30.2	30,831	1,040,624	36.7	28,390
Built Environment	898,501	29.6	30,334	993,356	30.8	32,241
Neighbourhood Renewal	1,591,150	53.2	29,920	1,802,307	62.0	29,074
Financial Management	1,212,456	42.4	28,596	1,351,900	43.4	31,175
Oxford City Homes	10,057,231	353.9	28,421	9,753,819	327.5	29,780
Leisure & Culture	3,021,904	109.8	27,522	4,854,719	192.0	25,227
Community Housing	2,116,691	80.6	26,262	1,872,515	92.7	20,193
Planning	1,572,426	60.2	26,111	1,449,566	53.0	27,348
Transport & Parking	798,045	32.0	24,908	856,307	31.6	27,128
Environmental Health	1,439,239	61.3	23,479	1,361,080	45.9	29,640
Revenues & Benefits	2,007,229	90.5	22,179	2,045,183	91.4	22,373
City Works	7,052,233	327.1	21,560	4,894,751	212.3	23,053
Customer Services	848,525	40.0	21,213	865,247	40.4	21,409
Facilities Management	855,847	40.4	21,169	821,455	39.3	20,894
	<b>37,192,286</b>	<b>1,431.5</b>		<b>36,921,942</b>	<b>1,384.3</b>	
<b>Average pay per employee</b>	<b>25,981</b>			<b>26,672</b>		

As well as the salaries paid out above, we also spent money on:

	2007/08	2006/07
	£'s	£'s
Overtime	1,298,292	1,123,984.0
National Insurance	2,845,099	2,896,194.0
Pension	5,923,451	6,527,904.0
Agency Staff	1,762,542	2,189,162.0
	<b>11,829,384</b>	<b>12,737,244</b>

## 12.2 Training

As a Council we are committed to providing training to our staff. In 2007/08 we spent a total of £546,781 (£604,025 in 2006/07) on training and this is detailed in the table below.

	2007/08 £'s	2006/07 £'s
<b>Employee Spend</b>	56,722	106,346
<b>Premises</b>	0	1,223
<b>Travel &amp; Subsistence</b>	8,779	10,373
<b>Supplies &amp; Services</b>	22,058	38,123
<b>Internal Charges</b>	61,046	53,982
<b>Training Courses</b>		
Professional Training	99,730	112,931
Health & Safety	97,206	89,248
Management Development	76,265	44,606
IT Skills Development	64,616	53,383
Other incl. Short Courses & Conferences	60,359	93,810
	<u>398,176</u>	<u>393,978</u>
<b>Total</b>	<b><u>546,781</u></b>	<b><u>604,025</u></b>

## 12.3 Debtors

As at 31<sup>st</sup> March 2008, the total owed to the authority was £5,519,788 (£4,947,516 in 2006/07) which included debts from periodic income, service charges, community charge, housing benefit overpayments, community alarms, trade refuse, leisure and housing services.

Our total income for the year (including grants, parking charges, etc but excluding Council Tax and NNDR income) was £124,430,780 (£112,814,211 in 2006/07). This means that the total owed to us at the year-end was 4.44% (4.39% in 2006/07) of our total income.

## 12.4 Fixed Assets

The council maintains an asset register which includes the disposal, addition and revaluation of assets. Below we have shown the 5 revaluations, impairments and disposals of highest value during the financial year to give you an idea of the scale of transactions we are processing.

	Original value £000's	Increased by £000's	Value at 31st March 08 £000's
<b>Revaluations</b>			
Covered Market	6,195	1,035	7,230
29 Queen Street, Shop	1,270	265	1,535
Ferry Pool Car Park	375	225	600
Land Adjacent to Barton By-pass	50	215	265
Abbey Place Car Park	678	172	850

	Original value £000's	Decreased by £000's	Value at 31st March 08 £000's
<b>Impairments</b>			
Underhill Circus Neighbourhood Centre	3,830	(430)	3,400
20 St. Michael's Street, Offices	330	(180)	150
Court Place Farm Recreation Ground Buildings	268	(128)	140
Northway Community Centre	430	(110)	320
Redbridge Park & Ride	1,497	(110)	1,387

	Sale value £000's
<b>Disposals / Capital Receipts</b>	
TA Centre, Mascall Avenue	10,997
Wyatt Road Development Land	1,250
169 Walton Street, House	803
170 Pegasus Road, Shop	446
83 Abingdon Road, House	432

## 12.5 Capital

The Council has a large capital programme which is regularly monitored. Money was spent from the capital programme on refurbishing the council dwellings up to the Decent Homes Standard. Large areas of spend were:

	2007/08 £000's	2006/07 £000's
Kitchens & bathrooms	1,637	3,167
Major void works	1,277	3,006
Heating	1,281	808
Windows	803	928
Roofing	997	967

During the year the Council also spent money on a variety of other schemes and assets across the city. The 5 schemes of highest value were:

	2007/08 £000's
Refuse & Recycling - vehicle replacements	1,751
Disabled Facilities Grants	692
Refurbishment of Bonn Square	569
Refuse & Recycling – ancillary items	561
ITC Infrastructure	401

## 12.6 Treasury

Treasury Management includes the management of cash flows, banking, money market transactions and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. For the Council this involves managing our cash flow on a daily basis, using the money market to make investments with approved counterparties, and also managing our existing debt to ensure best value for money.

As at 31<sup>st</sup> March 2008 we had a total of £33.1m (£34.6m in 2006/07) invested and over the year we earned an average rate of 5.6% (4.9% in 2006/07). Key deposits were:

- ❖ Anglo Irish Bank - £5m
- ❖ Allied Irish Bank - £4m
- ❖ Nottingham Building Society - £3m
- ❖ Standard Life Money Market Funds - £3m

Our bank accounts are with the Co-op bank and at the end of the financial year we had £1.1m (£1.1m in 2006/07) in our call account held with them.

As well as lending money we also have long-term borrowing. At 31<sup>st</sup> March 2008 we had £2.1m (£2.3m in 2006/07) of transferred debt outstanding with South Oxfordshire District Council. This is a 25-year loan, which expires in 2016 and has a flexible interest rate, which was 5.02% this year (4.52% in 2006/07). Our other borrowing is with the Public Works Loans Board (PWLb). At the year-end we had £7.7m (£8.3m in 2006/07) of debt with the PWLB. This consists of 16 separate loans with maturities ranging from 2008 to 2015, with an average interest rate of 10.78% (10.75% in 2006/07).

## 12.7 Collection Fund

One of the biggest services that we as a Council provide is the collection of Council Tax and National Non-Domestic Rates (NNDR). At the end of the year we were owed £5.6m (£5.8m in 2006/07) in outstanding Council Tax and £1.8m (£2.1m in 2006/07) in NNDR. The table below shows the age of this debt.

### Council Tax

	As at 31/03/08		As at 31/03/07	
	£'s	%	£'s	%
Under 1 year	2,012,052	36.25%	2,183,319	37.70%
1-2 years	1,816,196	32.72%	1,838,389	31.74%
3-4 years	778,039	14.02%	777,513	13.43%
5-6 years	422,646	7.61%	497,468	8.59%
7-8 years	245,034	4.41%	227,549	3.93%
9-10 years	114,504	2.06%	148,279	2.56%
Over 10 years	161,767	2.91%	118,891	2.05%
<b>Total debt</b>	<b>5,550,238</b>	<b>100.00%</b>	<b>5,791,408</b>	<b>100.00%</b>

### National Non-Domestic Rates

	As at 31/03/08		As at 31/03/07	
	£'s	%	£'s	%
Under 1 year	650,536	36.92%	923,022	44.57%
1-2 years	720,534	40.89%	569,463	27.50%
3-4 years	151,321	8.59%	159,230	7.69%
5-6 years	50,092	2.84%	130,782	6.31%
7-8 years	50,499	2.87%	133,730	6.46%
9-10 years	78,375	4.45%	102,526	4.95%
Over 10 years	60,813	3.45%	52,306	2.53%
<b>Total debt</b>	<b>1,762,170</b>	<b>100.00%</b>	<b>2,071,059</b>	<b>100.00%</b>