



To: **Members of the Audit & Governance Committee**

***Notice of a Meeting of the Audit & Governance
Committee***

Wednesday, 14 September 2016 at 2.00 pm

Rooms 1&2 - County Hall, New Road, Oxford OX1 1ND

A handwritten signature in black ink that reads "PG Clark".

Peter G. Clark
County Director

September 2016

Contact Officers: *Colm Ó Caomhánaigh, Tel 07393 001096; E-mail:
colm.oacaomhanaigh@oxfordshire.gov.uk*

Membership

Chairman – Councillor Sandy Lovatt
Deputy Chairman - Councillor David Wilmshurst

Councillors

David Bartholomew
Yvonne Constance OBE
Tim Hallchurch MBE

Nick Hards
Alison Rooke
Roz Smith

John Tanner

Co-optee

Dr Geoff Jones

Notes:

- ***Members of the Audit & Governance Committee are requested to attend a private meeting with the external auditors, Ernst & Young, preceding the Committee meeting, from 1pm in the Members' Board Room.***
- ***There will be a pre-meeting briefing at County Hall on Thursday 8 September 2016 at 2pm in the Members' Board Room for the Chairman, Deputy Chairman and Opposition Group Spokesman.***
- ***Date of next meeting: 9 November 2016***

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.

The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *“You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself”* or *“You must not place yourself in situations where your honesty and integrity may be questioned.....”*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:

Employment (includes *“any employment, office, trade, profession or vocation carried on for profit or gain”*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines. <http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Glenn Watson on (01865) 815270 or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, but please give as much notice as possible before the meeting.

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declaration of Interests - see guidance note

3. Minutes (Pages 1 - 10)

To approve the minutes of the meeting held on 13 July 2016 (**AG3**) and to receive information arising from them.

4. Petitions and Public Address

5. Presentation by the Director for Transformation

2.10 pm

Presentation by the Director for Transformation.

6. Final Accounts 2015/16 (Pages 11 - 246)

2.50 pm

Report by the Chief Finance Officer (**AG6**)

The Accounts and Audit Regulations 2015 require the Chief Finance Officer to sign the Statement of Accounts 2015/16 no later than 30 June 2016 and certify that they give a true and fair view of the County Council's financial position and income and expenditure for the year. The Regulations require the Statement of Accounts to be considered by a committee of the Council by 30 September 2016 and, following that consideration, to be approved by a resolution of that committee.

The Committee is RECOMMENDED to:

- a) **Note the Summary Accounts 2015/16 at Annex 1;**
- b) **Consider and approve the Statement of Accounts 2015/16 at Annex 2;**
- c) **Consider and approve the Letter of Representation 2015/16 for the Oxfordshire County Council accounts;**
- d) **Consider and approve the Letter of Representation 2015/16 for the Oxfordshire Pension Fund accounts;**
- e) **Agree that the Chief Finance Officer, in consultation with the Chairman of the Committee, can make any further changes to the Statement of Accounts 2015/16 and/or the letters of representation that may arise during completion of the audit.**

7. External Auditors (Pages 247 - 272)

3.10 pm

A representative from the external auditors, Ernst & Young will attend to present the following item:

- Final Accounts Audit

8. Annual Governance Statement

3.30 pm

The Chief Legal Officer reports as follows:

The County Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Corporate Governance is the framework of accountability to users, stakeholders and the wider community, within which organisations take decisions and lead and control their functions, to achieve their objectives. The quality of corporate governance is a key determinant of the quality of the services that we provide. The **Annual Governance Statement** explains how the County Council has complied with the Code in 2015/16 and meets the requirement of the Accounts and Audit Regulations 2015 to produce such a Statement.

The Annual Governance Statement includes an update on actions that were to be carried out during 2015/16. It also lists new actions for 2016/17. The separate statement of assurance needed by the Fire and Rescue service is also mentioned.

As previously reported to the Committee, the timing of the Committee receiving the Annual Governance Statement (AGS) has changed as a result of the requirement to publish the Annual Governance Statement alongside the draft statement of accounts prior to the start of the public inspection period. Consequently, the Audit Working Group considered the AGS on 26 May 2016 to ensure a version could be published with the accounts. Therefore the Committee is now receiving the published version in September and not a draft version in July as was the previous practice before the 2015 Regulations took effect.

To avoid duplication, the Annual Governance Statement has only been included once within the agenda, under the item on the Statement of Accounts. Consideration of the Statement under this item will therefore require cross-reference to those papers.

The Committee is RECOMMENDED to approve the Annual Governance Statement 2015/16, subject to the Chief Legal Officer making any necessary amendments in the light of comments made by the Committee, after consultation with the Leader of the Council, Chief Executive and Section 151 officer.

9. Update on Financial Control Improvement Plan (Pages 273 - 286)

3.50 pm

Report by the Chief Finance Officer (**AG9**)

In July 2016 the Committee received a report outlining the Financial Control Improvement Plan established to address weaknesses previously identified and to provide efficient financial management systems, policies and procedures that will support the Council in delivering effective services to our customers. This paper provides the first progress report to the Committee.

The Committee is RECOMMENDED to

- a) Note the report;**
- b) Request the Audit Working Group routinely review the actions taken; and,**
- c) Receive a further progress report at the next Committee meeting on 9 November 2016.**

10. Internal Audit Plan - Progress Report (Pages 287 - 302)

4.10 pm

Report by the Chief Internal Auditor (**AG10**)

This report provides an update on the Internal Audit Service, including resources, completed and planned audits and an update on counter-fraud activity.

The committee is RECOMMENDED to note the progress with the 16/17 Internal Audit Plan and 16/17 Counter Fraud Plan and the outcome of the completed audits.

11. Local Government Ombudsman's Review of Oxfordshire County Council (Pages 303 - 316)

4.30 pm

Report by the Chief Legal Officer (**AG11**)

Each year, the Local Government Ombudsman (LGO) issues an Annual Review Report about each council in relation to the complaints made to the Ombudsman about that Council in the previous financial year. The report to this Committee therefore informs members about the LGO's Annual Review Report for Oxfordshire County Council for the year 2015/16.

In short, fewer complaints about the Council have been upheld by the Ombudsman in 2015/16, compared to the previous year, even with slightly more complaints being referred to her. Put into the context of county council performance generally, the

Council is the third lowest in the number of complaints submitted to the Ombudsman per 100,000 residents and has the fifth lowest number of upheld complaints per 100,000 residents. This remains encouraging and continues to suggest that the Council's system of control expressed through its own complaints processes is working well.

This is not a case for complacency however and this report sets out the LGO's findings, the wider context and also details the complaints upheld by her office.

The Committee is RECOMMENDED to note and comment upon this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2015/16.

12. Scale of Election Fees and Expenditure 2016-17 (Pages 317 - 324)

4.50 pm

Report by the Chief Legal Officer and Monitoring Officer (**AG12**)

Each year the Council needs to set a scale of election fees and expenditure for the holding of elections of county councillors. The Committee are requested to approve the proposed Scale of Expenditure as set out for any by-elections of County Councillors that may be held during 2016/17.

The same scale of expenditure will be used for any local referendums e.g. a council tax or mayoral referendum.

The Committee is RECOMMENDED to approve the Scale of Expenditure for the financial year 2016/2017, as shown in Annex A to this report, for the election of County Councillors and any other local referendums.

13. Regulation of Investigatory Powers Act (Pages 325 - 336)

5.00 pm

Report by the Chief Legal Officer (**AG13**)

The Regulation of Investigatory Powers Act 2000 ('the Act') regulates the use of covert activities by Local Authorities. It creates the statutory framework by which covert surveillance activities may be lawfully undertaken. Special authorisation arrangements need to be put in place whenever a Local Authority considers commencing covert surveillance or considers obtaining information by the use of informants or officers acting in an undercover capacity.

Codes of Practice issued under the Act provide guidance to authorities on the use of the Act. The Code of Practice relating to covert surveillance specifies that elected members should review the authority's use of the Act and set the policy at least once a year. They should also consider internal reports on the use of the Act periodically.

This paper provides an overview of the use of activities falling within the scope of the

Regulation of Investigatory Powers Act 2000 by Oxfordshire County Council in the period from April 2015 to March 2016. The report also provides an overview of the authority's Policy and the full policy is provided as an annex for committee members to review.

The Committee is RECOMMENDED

- a) to consider and note the use of activities within the scope of RIPA by Oxfordshire County Council, and
- b) to comment on any changes to the Policy for Compliance with the Regulation of Investigatory Powers Act 2000 that the committee would wish the Monitoring Officer to consider.

14. Audit Working Group Report (Pages 337 - 338)

5.10 pm

Report by the Chief Finance Officer (**AG14**)

This report presents the matters considered by the Audit Working Group Meeting of 1 September 2016.

The Committee is RECOMMENDED

- a) to note the report; and
- b) to review and confirm the membership of the Audit Working Group in line with the agreed terms of reference.

15. Audit & Governance Committee Work Programme (Pages 339 - 340)

5.20 pm

To review the Committee's Work Programme (**AG15**)

Close of meeting

An explanation of abbreviations and acronyms is available on request from the Chief Internal Auditor.

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AUDIT & GOVERNANCE COMMITTEE

MINUTES of the meeting held on Wednesday, 13 July 2016 commencing at 2.00 pm and finishing at 4.50 pm

Present:

Voting Members: Councillor David Wilmshurst – in the Chair
Councillor Sandy Lovatt (Deputy Chairman)
Councillor David Bartholomew
Councillor Yvonne Constance OBE
Councillor Nick Hards
Councillor Alison Rooke
Councillor Roz Smith
Councillor Susanna Pressel (In place of Councillor John Tanner)
Councillor Rodney Rose (In place of Councillor Tim Hallchurch MBE)

Non-voting Members: Dr Geoff Jones

By Invitation: Paul King and Penny Irwin (Ernst & Young)

Officers:

Whole of meeting Nick Graham, Chief Legal Officer
Ian Dyson, Assistant Chief Finance Officer (Assurance)
Sarah Cox, Interim Chief Internal Auditor
Colm Ó Caomhánaigh, Committee Officer

Part of meeting

Agenda Item	Officer Attending
7	Lewis Gosling
11	Steve Munn Sarah Currell
13	David Penter

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with [a schedule of addenda tabled at the meeting][the following additional documents:] and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and schedule/additional documents], copies of which are attached to the signed Minutes.

32/16 ELECTION OF CHAIRMAN FOR THE 2016/17 COUNCIL YEAR

(Agenda No. 1)

Councillor David Wilmshurst moved and Councillor David Bartholomew seconded that Councillor Sandy Lovatt be elected Chairman of the Committee for the 2016/17 Council Year.

Councillor Roz Smith moved and Councillor Alison Rooke seconded that Councillor Nick Hards be elected Chairman of the Committee for the 2016/17 Council Year.

Both nominations were put to a vote. There were 5 votes for Councillor Sandy Lovatt and 4 votes for Councillor Nick Hards.

RESOLVED: that Councillor Sandy Lovatt be elected Chairman of the Committee for the 2016/17 Council Year.

33/16 ELECTION OF DEPUTY CHAIRMAN FOR THE 2016/17 COUNCIL YEAR

(Agenda No. 2)

[Councillor Lovatt in the Chair]

Councillor Sandy Lovatt moved and Councillor Rodney Rose seconded that Councillor David Wilmshurst be elected Deputy Chairman of the Committee for the 2016/17 Council Year.

Councillor Roz Smith moved and Councillor Alison Rooke seconded that Councillor Nick Hards be elected Deputy Chairman of the Committee for the 2016/17 Council Year.

Both nominations were put to a vote. There were 5 votes for Councillor David Wilmshurst and 4 votes for Councillor Nick Hards.

RESOLVED: that Councillor David Wilmshurst be elected Deputy Chairman of the Committee for the 2016/17 Council Year.

34/16 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 3)

Apologies were received from Councillor John Tanner (Councillor Susanna Pressel substituting) and from Councillor Tim Hallchurch (Councillor Rodney Rose substituting).

35/16 DECLARATION OF INTERESTS - SEE GUIDANCE NOTE

(Agenda No. 4)

In relation to Agenda Item 12, Councillor Roz Smith declared that she receives a pension from Oxfordshire Local Pension Fund.

36/16 MINUTES

(Agenda No. 5)

The minutes of the meeting of 20 April 2016 were approved and signed subject to changing the final word on Page 11 “control” to “controls” in Minute 30/16.

Councillor Smith asked for an update on the project Waterfall which was to be implemented in June/July according to the minute for item 21/16 Internal Audit Services – Internal Audit Strategy and Annual Plan. Mr Dyson said that he could get an update for Members by the end of the week.

Councillor Bartholomew asked for an update on actions of the working group referred to in the fourth paragraph of the minute for item 24/16 Annual Monitoring Officer Report. Mr Graham organised an update for Members at the end of the meeting.

Cllr Bartholomew also asked for an update on the issue of a new Scrutiny Committee proposal. Mr Graham agreed to circulate his email to Cllr Lovatt on that matter to all Members of the committee.

37/16 TREASURY MANAGEMENT OUTTURN 2015/16

(Agenda No. 7)

The Committee had before them a report (AG7) which presented the Treasury Management Outturn 2015/16.

Mr Gosling introduced the report and gave a summary drawing the Committee’s attention to the following matters.

Regarding Debt Financing on Page 17, the option to fund new or replacement borrowing requirements from internal balances, up to the value of 25% of the investment portfolio was retained in the 2015/16 annual treasury management strategy. No new borrowing was arranged during 2015/16.

Addressing Investment Outturn on Page 18, the average daily balance of temporary surplus cash invested in-house was £322m in 2015/16. The Council achieved an average in-house return for the year of 0.80%, producing gross interest receivable of £2.582m.

The sale of approximately a quarter of the Council’s initial £20m investment in the Threadneedle Strategic Bond Fund resulted in a realisable gain of £0.246m in 2015/16. Gross distributions from pooled funds totalling £0.875m were also realised in year, bringing total investment income to £3.703m.

The graphs in Annex 6 Page 32 showed how Oxfordshire County Council achieved a higher interest rate compared to the average achieved by all Arlingclose clients, whilst maintaining lower than average value weighted credit risk.

Members of the Committee asked if the prudential indicator limit was still appropriate given that the report states that it was exceeded due to a change in the mix of

investments and deposits. Mr. Gosling stated that the indicator will be changed for 2016/17 and will focus on net fixed debt.

Asked about the possible effect of “Brexit” on the Council’s Property Fund, Mr Gosling explained that there was a 5 year investment horizon and it was not envisaged that the money would be required elsewhere.

In response to a suggestion that the Council should switch out of LOBO loans, Mr Gosling replied that it was not an option for the Council and the lender has no reason to switch out.

Members of the Committee thanked the in-house team for the higher than predicted return.

RESOLVED:

- (a) to note the report, and
- (b) to RECOMMEND Council to note the Council’s Treasury Management Activity in 2015/16.

38/16 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR

(Agenda No. 8)

Mr Dyson introduced the report and explained that it was co-authored with Ms Cox who became Interim Chief Internal Auditor on 1 April 2016.

The report set out the work during the year and took into account whether or not any limitations had been placed on the scope of Internal Audit – of which there had been none.

On Page 42, paragraph 2.2 the report gave a qualified assurance over Oxfordshire County Council’s system of internal control. The underlying issue had been weaknesses in the system of financial control.

There were a number of areas identified that require improvement, so a financial management improvement plan had been devised to ensure that all issues were addressed. This was to be presented later in the Agenda.

Ms Cox drew Members’ attention to Appendix 3 which included the Internal Audit Charter and Appendix 4 which included the Quality Assurance and Improvement Programme.

Members of the Committee asked for clarification on how Priority 1 issues and Priority 2 issues are dealt with. Ms Cox described how Priority 1 is assigned to issues that have significant material effect and the rating is not primarily time-related. Managers agree timetables and monitor completion.

It was agreed that the reference to a meeting on 23 June 2016 in the title of Appendix 3 was incorrect and should be 20 April 2016.

In response to concerns that there were too many red flags in the report and that the Council may be slipping back towards the worst situation 12 years ago, Mr Dyson disagreed and stated that they have identified the issues and devised plans to address them. There is not the same legacy of problems now. The improvement plan includes some culture change.

Asked about Paragraph 2.1.9 on Page 41 where the area of Business Data Upload is marked as “Ongoing”, the Officers stated that they were not satisfied with controls but there were no material errors. They were looking at moving away from BDU.

Mr Dyson acknowledged that the Integrated Business Centre (IBC) was not considered efficient by staff. They were looking at how they can do things differently and had the evidence base for that now. They needed to get the foundations right. Issues will start moving to amber and green.

Asked if there was a reluctance from management, Ms Cox stated that this was not an issue and they would flag if any action was not agreed.

The Chairman asked if Members would like a whole meeting to discuss progress on this matter. Mr Jones responded that he would be happy for the Audit Working Group to receive updates. Mr Dyson offered to bring the matter back to the full Committee until it is resolved.

RESOLVED to:

- (a) consider and endorse this annual report
- (b) approve the Internal Audit Charter included within Appendix 3 of this report
- (c) note the Quality Assurance and Improvement Programme included within Appendix 4 of this report
- (d) monitor implementation of the improvement plan

39/16 INTERNAL AUDIT STRATEGY AND INTERNAL AUDIT ANNUAL PLAN 2016/17

(Agenda No. 9)

Ms Cox explained that this was the final Internal Audit Strategy and Internal Audit Plan for 2016/17, an interim strategy having been presented to the April meeting.

It had been agreed with Thames Valley Police (TVP) that the current collaboration for managing their Internal Audit Service will end.

The Internal Audit Plan and Counter-Fraud Plan were outlined on Pages 98 and 99 respectively. The Audit and Governance Committee will receive a quarterly report, including a status update on the approved work plans, and a summary of the outcomes of completed audits. The plan was designed to allow flexibility through the year. The audit team was outlined on Page 95.

Compliance activity had been merged with the Internal Audit activity, meaning that one plan was produced covering both areas of assurance activity.

Members expressed concern that, now that they were self-administering their travel and expenses, simple errors might be mis-interpreted as fraud. Mr Dyson responded that the system would identify anomalies any of which could be fraud or error.

Asked what scope there was for the Committee to seek changes in the annual report, Mr Dyson stated that the Chief Internal Auditor designs it, with activities depending on resources and staffing, and can consider suggestions from the Committee.

RESOLVED to:

- (a) Approve the Internal Audit Strategy for 2016/17 and 2016/17 Internal Audit Plan; and
- (b) Approve the 2016/17 Counter-Fraud Plan.

40/16 FINANCIAL CONTROL IMPROVEMENT PLAN

(Agenda No. 10)

Mr Dyson reported that the Financial Improvement Plan was part of the overall Council Transformation plan and this will make it easier to take forward. It set out themes and outcomes along with a timescale for each on.

Members of the Committee raised concerns that in the transfer of transactional services to digital we must not forget that some people do not engage with Information Technology and they must not be left behind.

Mr Dyson agreed and he noted that “digital” also referred to internal activities, for example entering data once that can have many uses.

In response to criticism that the plan lacked detail and was not an action plan but a scoping report, Mr Dyson disagreed and said that more detail would prejudice certain aspects. He stated that the report set out roles and responsibilities clearly. He will come back to the Committee with updates and the Committee can hold him to account.

Asked if the commitment to complete the review of IBC by the end of July would be met, Mr Dyson expressed confidence in this and stated that a meeting with his counterparts in IBC has already been arranged for 25 July. There will be more oversight and communication with staff on changes.

It was suggested that the Director of Transformation be invited to the Committee because some councillors may not be clear about what it involves. Mr Dyson responded that he would take that idea back to the Director.

In response to questions about how information is gathered Mr Dyson stated that there were many sources such as suppliers who are not paid and HR queries. Issues

from schools are also picked up. Professional leads meet on a regular basis and coordinators feed information up to them.

RESOLVED to

- (a) agree the Improvement Plan
- (b) receive progress reports and updates on effectiveness at all future Committee meetings until further notice
- (c) request the Audit Working Group to examine more detailed activities.

41/16 UPDATE ON HAMPSHIRE PARTNERSHIP - HR UPDATE

(Agenda No. 11)

Mr Munn introduced the report which provided an update on the HR services delivered through the Hampshire Partnership following on from the three and six month post go live reports provided to the Audit & Governance Committee.

In summary, the picture is improving but we are still a long way from where we should be. The Councils have different ways of working and it is important to retain our own policies.

There can be a reluctance among some staff to self-serve when they have been used to having HR assistance. There had also been issues with the technology.

Members of the Committee expressed concern that the expenses compliance process had not been adopted. Mr Munn assured them that monthly expense reports provided sufficient information to guard against fraud.

The most common comment from staff was that they wanted to be able to talk to real people about issues. Hampshire were responding to this request and will provide that facility.

In response to questions about problems with pension reports, Mr Munn stated that returns were now being submitted on time. There was a problem with the June return but there had already been a response to this from Hampshire which was encouraging.

Members reported that schools had problems with the slow rate of response, especially given that they often relied on part-time staff. Mr Munn acknowledged that this had been a problem but that the response time was improving. There were also some unreasonable expectations. He added that additional training was being provided to schools.

RESOLVED to

- (a) note the current position; and
- (b) agree that a further update be provided in 6 months.

42/16 EXTERNAL AUDITORS

(Agenda No. 12)

Mr King presented the Annual Fee Letter for 2016/17 and noted that the fee was unchanged from 2015/16. The team was also unchanged.

Asked if he was satisfied that there was an effective control environment Mr King said that this year they were adjusting their approach to reflect the known issues and next year they would assume that those issues would be resolved – if not they would reconsider the approach.

Ms Irwin presented the Pension Fund Audit Plan which formed part of the overall Council audit. She drew the Committee's attention to two particular risks outlined in Section 2. These related to management override and payroll data and they will report specifically on these two matters. The fee at £24,108 was the same as for last year.

Members of the Committee asked how the Auditors managed with the proliferation of small employers in the fund. Ms Irwin acknowledged that they were focused on the larger employers but that the fund itself had processes to manage the smaller employers.

Mr King summarised the Audit Plan Progress Report which covered the testing of routine processes and controls. They will next look at the IBC and this will involve tracking transactions, a focus on certain areas of concern and looking at the main pressures of spend.

RESOLVED to note the reports.

43/16 RISK MANAGEMENT AND ASSURANCE POLICY AND FRAMEWORK

(Agenda No. 13)

Mr Penter introduced the policy which had been developed following a review of similar policies adopted by other local authorities.

Members of the Committee asked who monitored the level of risk appetite. Mr Penter responded that this will be continually reviewed by CCMT in light of available capacity to deal with identified risks.

Asked if the policy will be modified over time, Mr Penter said that there will be opportunities to do further work as some processes are currently not sufficiently mature.

RESOLVED to approve the Risk Management and Assurance Policy and Framework.

44/16 CHANGES TO ARRANGEMENTS FOR APPOINTMENT OF EXTERNAL AUDITORS

(Agenda No. 14)

Mr Dyson introduced the report which outlined three options for the procedure for appointment of External Auditors:

- through a national Sector Led Body (i.e. Local Government Association);
- by establishing a stand-alone Auditor Panel to make the appointment on behalf of the Council; or
- commencing work on exploring the establishment of local joint procurement arrangements with neighbouring authorities.

The Chairman asked for clarification if this was a decision for the Committee or full Council. Mr Graham said that choosing the process was not an executive decision. The final appointment will be made by full Council based on advice from the Committee.

Members of the Committee noted that auditor firms would have to be registered to be considered by any of the appointment procedures. They asked if there were any significant differences in the costs of the three proposals. Mr Dyson responded that he did not think there would be major savings as large reductions in audit fees had already been achieved. He asked for a steer from the Committee so that they could explore a favoured option in more detail before making a final decision.

RESOLVED to explore the Sector Led Body option in more detail subject to a comparison of costs of the three options.

45/16 AUDIT WORKING GROUP REPORT

(Agenda No. 15)

Sarah Cox introduced the report which outlined four areas that the Working Group examined:

- Fire and Rescue Statement of Assurance 2015/16
- Corporate Lead Statements and Draft Annual Governance Statement
- Interim Annual Report 2015/16
- Internal Audit Strategy and Plan 2016/17

The Chairman and other Members of the Committee thanked the Working Group for their work which provides very useful support to the Committee in examining issues in more detail.

RESOLVED to note the report.

46/16 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

(Agenda No. 16)

The Committee discussed the Work Programme for 2016. The Chairman asked if the Committee wanted to have a review of its Terms of Reference. It was agreed that it would be better to leave that for the new Committee that would be formed in May 2017 following the Council election.

Members of the Committee asked about a recent phishing attack which seemed to be carefully aimed at councillors. Mr Graham responded that they would need to look more closely at that. The Chairman asked for a report to the September meeting on the findings.

It was also agreed to add two other items to the 14 September 2016 meeting: a report from the Director of Transformation and an update on the Financial Control Improvement Plan. It was also noted that the Internal Audit Plan – Progress Report will be provided by Sarah Cox.

..... in the Chair

Date of signing 200

Agenda Item 6

AUDIT & GOVERNANCE COMMITTEE – 14 SEPTEMBER 2016

STATEMENT OF ACCOUNTS 2015/16

Report by the Chief Finance Officer

Introduction

1. The Accounts and Audit Regulations 2015 require the Chief Finance Officer to sign the Statement of Accounts 2015/16 no later than 30 June 2016 and certify that they give a true and fair view of the County Council's financial position and income and expenditure for the year. This was achieved on 29 June 2016. The Regulations require the Statement of Accounts to be considered by a committee of the Council by 30 September 2016 and, following that consideration, to be approved by a resolution of that committee. The Regulations also require that, following approval, the Statement of Accounts is signed and dated by the chairman of the committee approving the accounts. The Chief Finance Officer must re-certify the Statement of Accounts before the committee approves it.
2. Following changes to the public inspection requirements introduced by the 2015 Regulations, this Committee agreed to receive the statement of accounts once only, after the accounts have been audited, and forgo receiving the draft version made available for public inspection.

Summary Accounts

3. The Summary Accounts (Annex 1) provide a much simplified presentation of the financial position of the Council and its income and expenditure for the year. These have been made available to members of the public alongside the draft Statement of Accounts on the Council's website.

Statement of Accounts

4. The Statement of Accounts 2015/16 is attached at Annex 2. This version includes changes made to the draft accounts as agreed with the auditors as set out below. The Statement of Accounts includes the new Narrative Report commenting on the Council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year, which replaces the previous foreword to the accounts. It also includes the Annual Governance Statement being considered elsewhere on the agenda.
5. The accounts have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 'Code') and the 2015/16 Code Update issued in January 2016.
6. The core financial statements comprise a Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement, together with accompanying notes. The statement of accounts also includes the Firefighters Pension Fund Accounts and the Oxfordshire Local Government Pension Fund Accounts.
7. The main change to accounting policies for 2015/16 relates to the Code adoption of IFRS13 *Fair Value Measurement*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new financial standard has been applied prospectively from 2015/16 and prior year figures have not been restated. The measurement basis for Surplus Assets has changed to market value as a result of the

adoption of the new standard and Investment Properties are measured at their highest and best use. Additional fair value disclosures are also included in the notes to the accounts.

Changes to the draft accounts

- Ernst & Young LLP's draft annual governance reports set out that no audit issues have been identified as yet during the course of the audit of the main accounts or the Pension Fund accounts, although the audit is still on-going. Small changes to the Narrative Report, some of the notes to the core financial statements, the Fire-fighters Pension Fund Accounts and the notes to the Local Government Pension Fund Accounts have been agreed with the auditors, however these are not significant enough to be reported in their annual governance reports. There are no changes to the core financial statements. The changes that have been made are set out below.

Narrative Report

- In the performance overview, the number of Fire & Rescue Service emergency calls during the year has been updated.

Notes to the Core Financial Statements

- Note 2 Critical judgements in applying accounting policies – this has been updated to clarify the basis on which the judgements have been made.
- Note 30 Private Finance Initiative (PFI) and similar contracts – a table has been added to show how the liability for the service concession arrangement reconciles to the finance liability recorded on the Balance Sheet.
- Note 62 Material post balance sheet events – a note has been added regarding the referendum vote to leave the European Union.
- Note 63 Changes in accounting policy – reference to the size of the increase in the value of transport infrastructure assets that will arise as a result of adopting a depreciated replacement cost valuation basis has been removed as further guidance on how this should be calculated is still awaited.

Fire Fighters' Pension Fund Accounts

- The signage in the Net Assets Statement has been corrected as this was the wrong way round due to a formula error.

The Local Government Pension Fund Accounts

- Note 1 Description of the fund – details of the number of scheduled and admitted bodies joining and leaving the scheme has been updated.
- Note 21 Top 5 holdings – the fifth largest holding has been updated from Blackrock UK Property Fund (£15.488m, 0.84%) to Bunzi (£13.120m, 0.71%).
- Note 28 Risk – the table headings for other price risk have been amended to clarify that the figures quoted are total asset values and not movements in asset values.
- Note 29 Events after the balance sheet date - a note has been added regarding the referendum vote to leave the European Union.

Letters of Representation

19. Auditing standards require Ernst & Young LLP to obtain representations from management on certain matters material to their audit opinion. Separate letters of representation are required for the Oxfordshire County Council accounts and the Local Government Pension Fund accounts. The Audit & Governance Committee is required to consider and approve the letters of representation before they are signed by the Chief Finance Officer and the Chairman of the Committee.

Objection to the accounts

20. The Council has received a copy of an objection made to the accounts by a local government elector for the area in accordance with the Local Audit and Accountability Act 2014. The objection concerns Lender's Option Borrower's Option loans and is being considered by Ernst & Young LLP.

Conclusion

21. No material errors in the Statement of Accounts have been identified during the course of the audit. Some minor amendments have been made to the notes to the main accounts, the Fire-fighters Pension Fund Accounts and the notes to the Local Government Pension Fund Accounts.

RECOMMENDATION

22. **The Committee is RECOMMENDED to:**
 - (a) **Note the Summary Accounts 2015/16 at Annex 1;**
 - (b) **Consider and approve the Statement of Accounts 2015/16 at Annex 2;**
 - (c) **Consider and approve the Letter of Representation 2015/16 for the Oxfordshire County Council accounts;**
 - (d) **Consider and approve the Letter of Representation 2015/16 for the Oxfordshire Pension Fund accounts;**
 - (e) **Agree that the Chief Finance Officer, in consultation with the Chairman of the Committee, can make any further changes to the Statement of Accounts 2015/16 and/or the letters of representation that may arise during completion of the audit.**

LORNA BAXTER

Chief Finance Officer

Background Papers: Nil.

Contact Officer: Stephanie Skivington, Strategic Finance Manager (Accounting & Reporting), 07393 001240

September 2016

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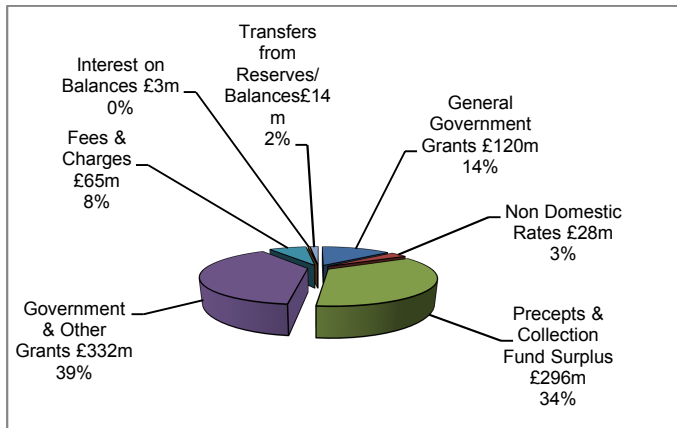
SUMMARY ACCOUNTS 2015/16

The County Council's accounts set out how much money we have spent on services, what we have invested in capital projects, how we have funded the expenditure and what assets we own.

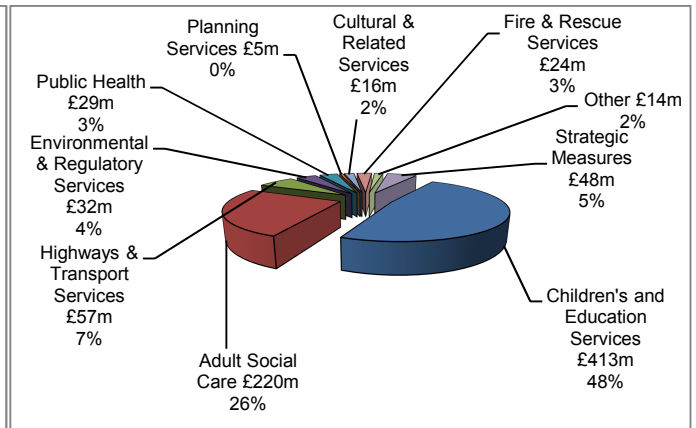
Review of 2015/16

Total Gross Expenditure: £858m

Where the money came from



What services the money was spent on



The Council set a net revenue budget for the year of £424.6m to finance day to day service provision. Actual spending for the year after transfers to earmarked reserves was £428.9m, £4.3m higher than had been budgeted and we received £1.0m less general funding during the year. The County Fund balance has decreased by £5.3m from £24.3m at the beginning of the financial year to £19.0m at 31 March 2016. The majority of the reduction in balances related to approval given by Council in July 2015 to transfer £4.7m to the Budget Reserve (£2.7m) and the Efficiency Reserve (£2.0m).

Summarised Revenue Account

	Gross Expenditure £m	Income £m	Net Expenditure £m
Net cost of services	876.4	-395.0	481.4
Other operating expenditure	102.5	-2.1	100.4
Financing and investment income and expenditure	48.1	-8.6	39.5
Taxation and non-specific grant income	0.0	-542.1	-542.1
Deficit on provision of services	1,027.0	-947.8	79.2
Adjustments between accounting basis & funding basis:			
Income and expenditure to be excluded	-194.6	103.9	-90.7
Capital financing costs to be included	25.3	0.0	25.3
Net decrease before transfers to earmarked reserves	857.7	-843.9	13.8
Transfers from earmarked reserves		-8.5	-8.5
Increase in County Fund balance for the year	857.7	-852.4	5.3

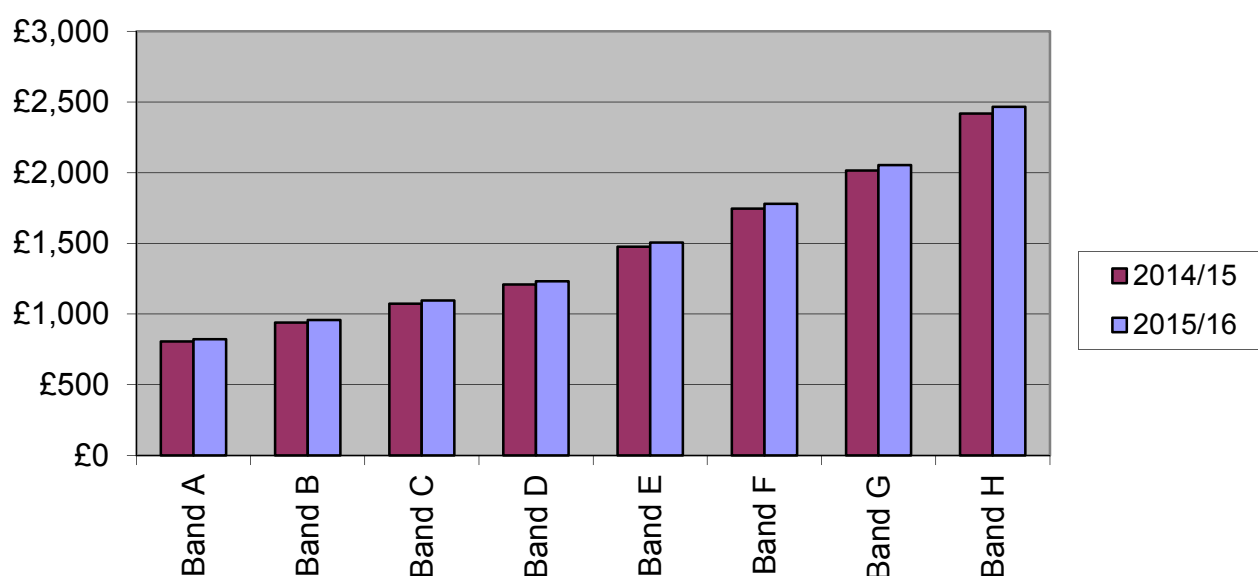
The adjustments between accounting basis and funding basis are those items that regulations require to be added to or removed from the surplus/deficit on provision of services to determine the amount chargeable against the County Fund balance (i.e. to Council Tax).

	£m
County Fund Balance	
Balance at start of year (1 April 2015)	24.3
Decrease in year	-5.3
Balance at end of year (31 March 2016)	<u>19.0</u>

This compares to a risk assessed recommended level of balances for 2016/17 of £17.6m.

Our Council Tax Funding

The graph below shows how much Council Tax for County Council services was charged for each property band in 2014/15 and 2015/16. Band D Council Tax increased by 1.99% compared to 2014/15.



	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
2015/16	£822	£959	£1,096	£1,232	£1,506	£1,780	£2,054	£2,465
2014/15	£806	£940	£1,074	£1,208	£1,477	£1,745	£2,014	£2,417

Capital Investment

We also spent money on improving the council's assets...

Spending...	£m	Paid for by...	£m
Children's and education services	54.4	External borrowing	0
Environment, roads and transport	47.6	Grants & contributions	118.0
Social, community and other services	15.9	Revenue	8.3
Properties, offices and technology	8.4		
	<u>126.3</u>		<u>126.3</u>

Some of the larger capital schemes that have benefited the community include:

Didcot, Great Western Park Primary No.1	£4.3m
Bodicote, Longford Park School	£3.1m
South West Bicester Primary School	£4.0m
Didcot, Great Western Park Secondary	£4.1m
Frideswide Square	£4.0m
Bicester Park & Ride	£3.2m
A34 Chilton Interchange	£3.1m
Milton Interchange, Science Vale UK	£6.7m
Better Broadband Project	£7.0m
Local Growth Fund - Oxpens Development	£3.5m

Summarised Balance Sheet as at 31 March 2016

The balance sheet shows the Council's financial position at 31 March 2016, the end of the 2015/16 financial year. It is a snapshot of what we own, what we owe and how this is funded. The value of the balance sheet is significantly reduced by the council's estimated pension's liabilities as at 31 March 2016.

	£m
Net Assets	
Long-term assets	1,229.0
Cash and short-term investments	273.1
Money owed to the Council	53.8
Other short-term assets	0.5
Money owed by the Council	-94.0
Borrowing	-397.7
Pensions and other liabilities	-806.9
Capital grants and contributions	-86.1
Total assets less total liabilities	171.7
Financed by	
Earmarked Reserves	106.1
Other usable reserves	65.9
Unusable reserves	-0.3
Net Assets	171.7

Earmarked Reserves

The Council's earmarked reserves that have been set aside for agreed purposes and are available to be spent in future years as at 31 March 2016 are as follows:

	£m
Schools	20.6
Capital investment	34.6
Insurance	7.1
Cash flow	8.7
Other corporate reserves	2.9
Directorate reserves	32.2
	106.1

Other Usable Reserves

The Council's other usable reserves as at 31 March 2016 are as follows:

	£m
County Fund balance	19.0
Capital investment balances	46.9
	<u>65.9</u>

Cash Flow

The cash flow summary shows the total cash inflows and outflows during the year and includes both capital and revenue transactions.

	£m
Cash in hand at 1 April 2015	22.3
Cash in	1,272.8
Cash out	-1,282.3
Cash in hand at 31 March 2016	<u>12.8</u>

Plans for future service delivery

2016/17 is the third year of the four - year directorate business strategies agreed by Council in February 2014. These build on the previous strategies agreed in 2011, and were not extended beyond 2017/18 due to uncertainty over future levels of government funding.

Sustained reductions in government funding combined with pressure to restrict council tax increases have resulted in a significant squeeze on council resources at a time when demand for services has been increasing. The Corporate Plan for 2016 to 2020 set out that over the period 2010/11 to 2017/18 the Council has already saved, or has plans to save, a total of £292m to offset funding reductions and to meet additional expenditure pressures. Additionally, it is now expected that we will have to save up to £69m more in the four years between 2016/17 and 2019/20.

Throughout the year the Financial Monitoring and Business Strategy Delivery Reports to Cabinet have highlighted pressures of which the most significant have been in Special Educational Needs (SEN) Home to School Transport, Children's Social Care staffing and Waste. The on-going impacts of the increased demand have been reflected in the 2016/17 budget agreed by Council in February 2016.

Oxfordshire County Council Pension Fund

The County Council is the administering authority for the Oxfordshire Local Government Pension Fund.

Fund Summary at 31 March 2016

Net Assets Statement at 31 March 2016

	£m		£m
Opening net assets at 1 April	1,845.5	Net value of investments	1,778.9
Net income from fund members	1.9	Net money owed to the pension fund	52.7
Net returns on investments	-5.1	Long Term Assets	10.7
Closing net assets at 31 March 2016	<u>1,842.3</u>	Net assets of the pension fund at 31 March 2016	<u>1,842.3</u>

There were 23,606 contributing members to the fund at 31 March 2016, and 13,982 pensions were paid. Contribution rates for 2015/16 were based on the valuation of the Scheme's financial position as at 31 March 2013.

Pension Fund Annual Report

The Pension Fund annual report can be downloaded from the County Council's website at: www.oxfordshire.gov.uk.

Fire-fighters Pension Fund

Separate fire-fighters pension fund accounts are included in the County Council's Statement of Accounts. The scheme has no assets and the surplus or deficit on the pension fund account is paid to/met by central government.

Status of Accounts

The County Council's accounts are prepared in accordance with the Code of Practice on Local Authority Accounting. This summary is taken from the full Statement of Accounts presented to the Audit & Governance Committee on 14 September 2016. The audited Statement of Accounts will be published at the end of September 2016.

What do you think?

If you have any questions or suggestions as to how we could improve these summary accounts please send these to accounts@oxfordshire.gov.uk.

Glossary of Terms

Asset

An asset is something the County Council owns and can be either long term or current.

Balance

The accumulated surplus of income over expenditure. Such a surplus is available to meet unexpected expenditure or a shortfall in income, to allow flexibility in borrowing from the money market, to finance expenditure pending the receipt of income or to reduce the Council Tax requirement.

Balance Sheet

A statement summarising the County Council's financial position at the end of an accounting period. The statement shows the County Council's assets and liabilities.

Capital Asset

A tangible asset that yields benefit to the County Council and the services it provides for a period of more than one year.

Capital Expenditure

Expenditure on the provision of lasting assets, for example land, buildings, road, vehicles and equipment such as computers.

Capital Investment

Investment in assets that will be used for more than one year, such as buildings and roads.

Capital Investment Balances

Capital grants and contributions and capital receipts reserves that will be used to fund capital expenditure in future years.

Capital Receipts

Receipts from the sale of capital assets.

Cash Flow

The movement of money into or out of the County Council during the financial year.

County Fund

The main revenue fund of the County Council into which Council Tax income and Government grants are paid and from which day-to-day payments are made.

Financial Year

The County Council's accounts cover the period from 1 April in one year to 31 March in the next year.

Financing and Investment Income and Expenditure

This mainly comprises interest charges, for example on borrowing, and interest earned on investments.

General Revenue Government Grants

These are general grants paid by central government in aid of local authority services as opposed to specific grants which may only be used for a specific purpose. The main general grant is Revenue Support Grant.

Liabilities

Amounts owed by the County Council which will be paid some time in the future.

Long Term Assets

Capital assets, long-term investments and money owed to the Council over the long-term.

Non Domestic Rate

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.

Net Operating Expenditure

The amount which it costs to provide services after any specific grants and/or income from fees and charges is taken into account, but ignoring general government grant and local taxation.

Non-specific Grant Income

Grant income from general revenue government grants and capital grants and contributions.

Provision

An amount of money put aside in the accounts for anticipated liabilities, which cannot be accurately estimated e.g. insurance provision for claims awaiting resolution.

Reserves

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the County Fund.

Revenue Expenditure

The County Council's day-to-day expenditure on items which include wages, supplies and services and interest charges.

Specific Grants

Grants paid by the government towards either revenue or capital to support the cost of specific services.

Unusable Reserves

Reserves that cannot be used to provide services, for example reserves that hold increases in the value of assets that will not be realised until the assets are sold. Unusable reserves also include those reserves that reflect timing differences between expenditure being recognised in the accounts and when it has to be funded.

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OXFORDSHIRE COUNTY COUNCIL

STATEMENT OF ACCOUNTS

2015/16

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Introduction

These accounts set out the financial results of Oxfordshire County Council's activities for the twelve months up to 31 March 2016. They have been compiled in accordance with the statutory requirements of the Accounts and Audit Regulations 2015 and in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ("the Code")(in conjunction with the 2015/16 Code Update issued in January 2016). To meet statutory requirements, the Chief Finance Officer is required to sign the accounts no later than 30 June 2016 and certify that they give a true and fair view of the County Council's position. This was achieved on 29 June 2016 when the Chief Finance Officer authorised the unaudited accounts for issue. The County Council is required to consider and approve the accounts no later than 30 September 2016. The Audit & Governance Committee is scheduled to meet on 14 September 2016 to fulfil this requirement.

The purpose of this narrative report is to provide the reader with:

- an explanation of the statements which follow
- an indication of the County Council's financial position
- an overview of the major influences affecting the County Council's income and expenditure and cash flow
- a summary of the County Council's performance over the course of the year
- an overview of the County Council's future plans for service delivery and how they will be funded
- assistance in understanding the financial statements

A glossary of terms is provided at the end of the accounts to assist the reader in interpreting the accounts.

The Financial Statements

The principal financial statements and their purpose within the accounts are as follows:

- **Statement of Responsibilities for the Statement of Accounts** which outlines the respective responsibilities of the County Council and the Chief Finance Officer for preparing the accounts
- **Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the County Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the County Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the County Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory County Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the County Council. For 2015/16 the net reduction in the County Fund Balance before transfers from earmarked reserves was £13.8m. After transfers from earmarked reserves the closing balance for the County Fund was £19.0m.
- **Comprehensive Income and Expenditure Statement** which shows the accounting cost in the year of providing services in accordance with the Code of Practice on Local Authority Accounting 2015/16 (and Code Update), rather than the amount to be funded from taxation. The County Council raises taxation to cover expenditure in accordance

with regulations; this is different from the accounting cost which takes into account, for example, charges for the use of assets. The taxation position is shown in the Movement in Reserves Statement. The Deficit on the Provision of Services for 2015/16 was £79.2m.

- **Balance Sheet** which shows the value as at the Balance Sheet date of the assets and liabilities recognised by the County Council. The net assets of the County Council (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the County Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Unapplied reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the County Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. The net assets as at 31 March 2016 were £171.7m.
- **Cash Flow Statement** which shows the changes in cash and cash equivalents of the County Council during the reporting period. The statement shows how the County Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the County Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the County Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the County Council. The net decrease in cash and cash equivalents for 2015/16 was £9.5m.
- **Pension Fund Accounts** which set out the accounts of the Firefighters' Pension Scheme and the Oxfordshire Local Government Pension Scheme, both of which the County Council administer.
- **Annual Governance Statement** which describes the arrangements by which the County Council conducts its business. This statement does not form part of the statements on which the auditor's opinion is given, but has been included as part of this document for completeness.

The main change to accounting policies for 2015/16 relates to the Code adoption of IFRS13 *Fair Value Measurement*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new financial standard has been applied prospectively from 2015/16 and prior year figures have not been restated. The measurement basis for Surplus Assets has changed to market value as a result of the adoption of the new standard and Investment Properties are measured at their highest and best use. Additional fair value disclosures are also included in the notes to the accounts.

Revenue Expenditure

2015/16 was the second year of the four-year directorate business strategies and medium term financial plan agreed by the County Council in February 2014 for the period up to 2017/18. The strategies and plan were updated through the Service & Resource Planning process for 2015/16 to reflect further savings of £27m required as a result of new

NARRATIVE REPORT BY CHIEF FINANCE OFFICER

expenditure pressures identified during 2014/15, bringing the total savings required over the period 2010/11 to 2017/18 to £292m. In February 2015 the County Council set a Council Tax requirement for 2015/16 of £288.2m, based on a Band D Council Tax of £1,232.46, an increase of 1.99% from the previous year.

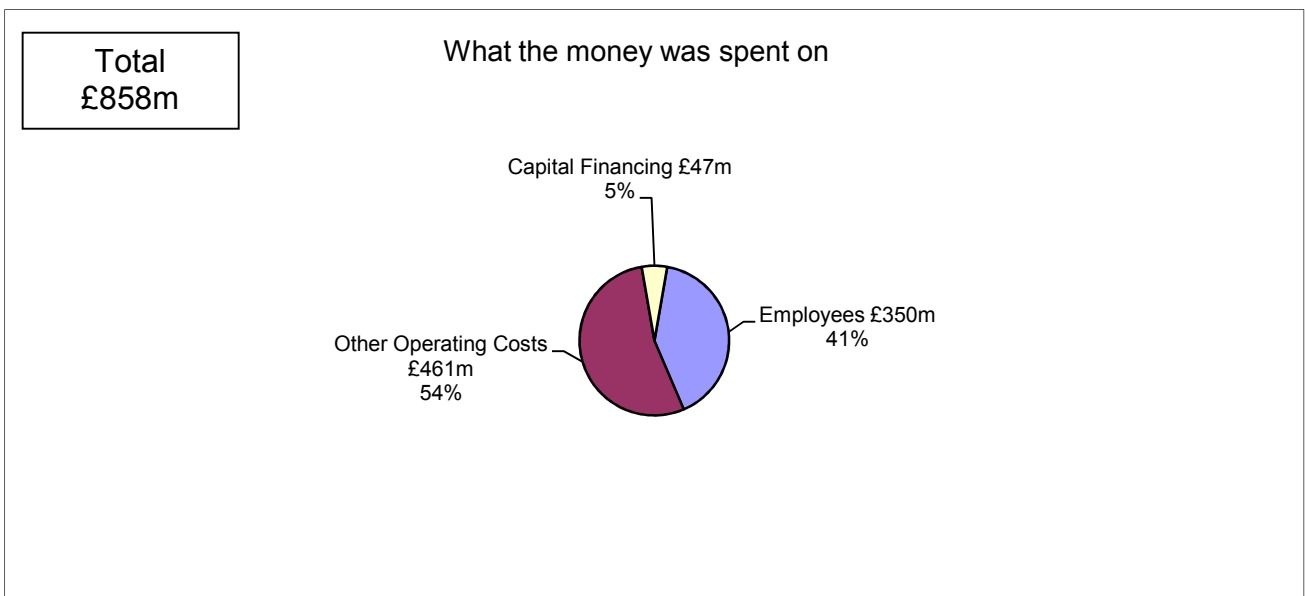
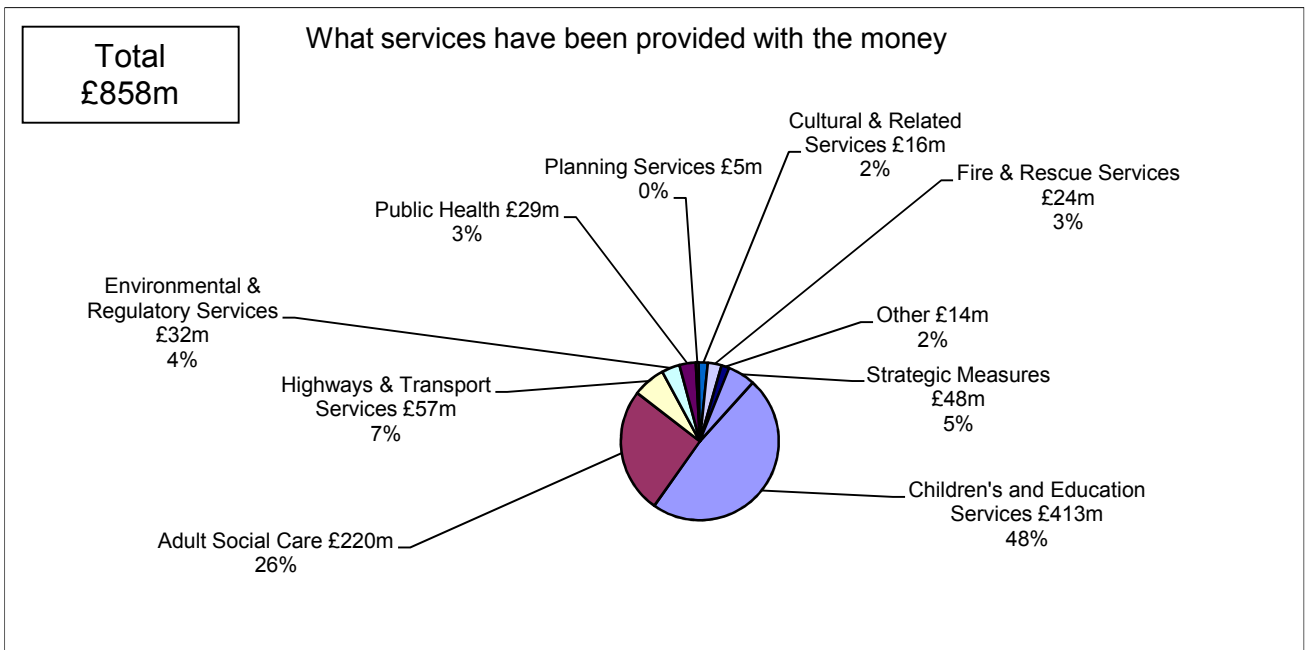
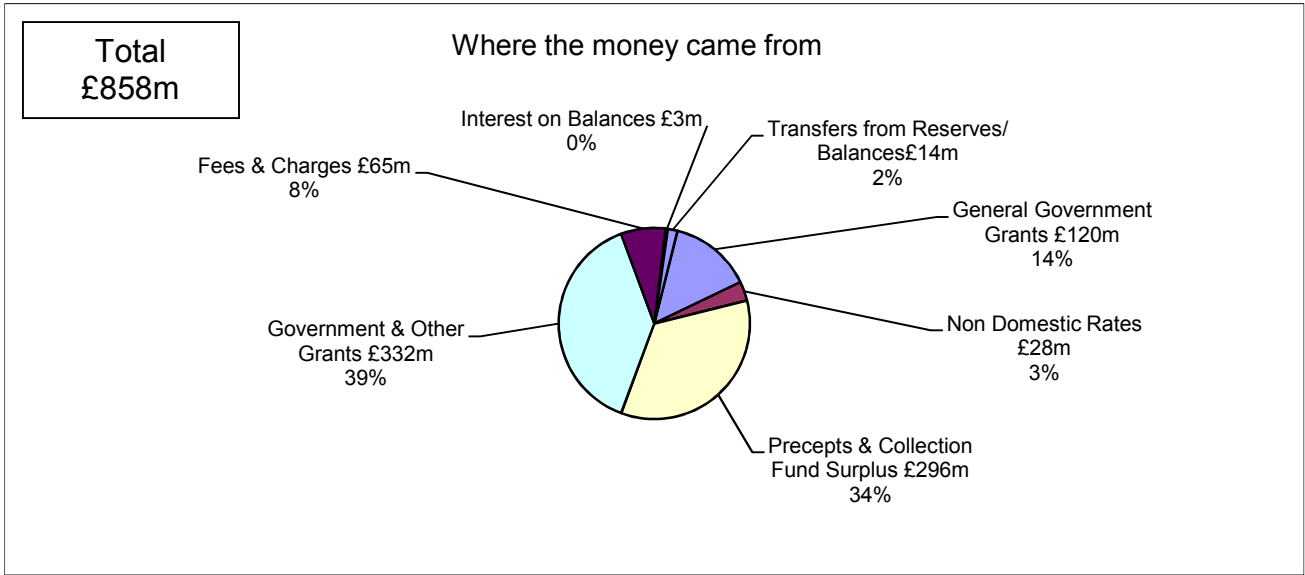
In terms of the County Council's actual expenditure, the Code requires the presentation set out in the Comprehensive Income and Expenditure Statement (page 16). However for management purposes, expenditure is reported on a directorate basis.

The revenue outturn position reported to Cabinet on 28 June 2016 (summarised in the following table) shows expenditure compared to the original and latest budgets and the overall impact on the amount required to be met from Council Tax.

Directorate	Original budget	Latest budget	Actual net expenditure	Variation against latest budget
	£'000	£'000	£'000	£'000
Children, Education & Families	107,049	109,537	112,258	2,721
Social & Community Services	208,748	210,999	209,646	-1,353
Environment & Economy	76,581	90,467	90,189	-278
Chief Executive's Office	18,793	7,475	7,076	-399
Public Health	0	0	0	0
	411,171	418,478	419,169	691
Strategic Measures:				
Contributions to / from (-) Reserves	-7,241	-2,541	-2,360	181
Contributions to Balances	2,000	-5,315	0	5,315
Pension Past Service Deficit Funding	830	830	830	0
Contingency	4,029	3,500	3,500	0
Capital Financing	33,768	33,768	33,653	-115
Interest on Balances	-4,199	-4,199	-5,642	-1,443
	29,187	26,043	29,981	3,938
Unringfenced Government Grants	-15,777	-19,940	-20,238	-298
Council Tax Surpluses	-7,472	-7,472	-7,472	0
Revenue Support Grant	-62,305	-62,305	-62,305	0
Business Rates Top-Up Grant	-37,085	-37,085	-37,085	0
Business Rates	-29,466	-29,466	-28,484	982
Council Tax Requirement	288,253	288,253	293,566	5,313

A breakdown of expenditure met from the County Fund and how it has been financed is shown in the pie charts on the following page.

NARRATIVE REPORT BY CHIEF FINANCE OFFICER



NARRATIVE REPORT BY CHIEF FINANCE OFFICER

Throughout the year the Financial Monitoring and Business Strategy Delivery Reports to Cabinet have highlighted expenditure pressures of which the most significant have been in Special Educational Needs (SEN) Home to School Transport, Children's Social Care staffing and Waste. This peaked at a forecast overspend of £5.9m reported to Cabinet in October 2015. Directorates have worked to reduce the forecast overspend by management action which included a freeze on non-essential recruitment, and a stop on any non-urgent or uncommitted expenditure. Annual reductions in the budget since 2010 mean there is less flexibility to manage pressures as they arise. The on-going impact of the increased demand have been taken into consideration in the 2016/17 budget.

The directorates' variation against budget of £0.7m is the position after the use of contingency and reserves to support expenditure on a one – off basis. This included the use of £1.5m from corporate contingency for provisions for redundancy costs associated with decisions Cabinet made in February 2016 relating to Early Intervention and Children's Centres plus Schools and Learning.

In the main, directorate business strategies were delivered as planned, with 96% of the £42.8m savings built into the budget for 2015/16 being achieved. The on-going implications of the £1.8m savings not delivered were considered as part of the 2016/17 Service & Resource Planning process.

The overall overspend of £5.3m shown in the previous table compares to a deficit on the provision of services of £79.2m. The significant difference between the provisional outturn position and the deficit in the accounts relates to a number of items that are included within the Surplus or Deficit on the Provision of Services for accounting purposes but are not met from the County Fund under regulations. These items are set out in Note 4. As in recent years, the largest element of the deficit is from a loss on the disposal of assets of £100.4m, the majority of which relates to the transfer of school land and buildings to academy trusts for nil consideration. A reconciliation between the directorates' provisional outturn position and the Surplus or Deficit on the Provision of Services is provided in Note 5 (page 41).

Balances and reserves

The provisional outturn position for the County Fund balance is shown in the following table:

	Budget £'000	Actual £'000
County Fund balance 1 April 2015	17,517	24,297
Additions to / calls on (-) balances	0	-5,313
County Fund balance 31 March 2016	17,517	18,984

The £19.0m outturn position compares to anticipated balances at the end of the financial year of £17.5m as set out in the Medium Term Financial Plan (MTFP) approved by Council in February 2015. The majority of the reduction in balances related to approval given by Council in July 2015 to transfer £4.7m of balances to the Budget Reserve (£2.7m) and the Efficiency Reserve (£2.0m).

Earmarked reserves totalled £106.1m at the end of the year and comprise school reserves (£20.7m), directorate reserves (£32.2m), corporate reserves (£2.9m) and other reserves

(£50.3m). Other reserves include insurance, capital and cash flow reserves. A budget reserve to manage the cash flow implications of the Medium Term Financial Plan for 2013/14 to 2016/17 was created in 2013/14. The balance on the reserve at the end of the year was £8.7m. This will be used in line with the Medium Term Financial Plan agreed by Council in February 2016. Capital reserves total £34.6m and will be used to finance the Capital Programme agreed by Council.

Capital

Capital spend in 2015/16 was £126.3m, including £3.4m of capitalised repair and maintenance, vehicles, equipment and loans. Of the total capital spend including capitalised items £49.9m was spent on schools and other educational facilities, £47.6m on highways and transport schemes, £10.7m on schemes on behalf of the Oxfordshire Local Enterprise Partnership, £7.0m on the Broadband (OxOnline) project and the balance, £11.1m, on a range of other projects. Details of capital spending are provided in Note 31 (page 87). The capital spend was funded mainly from grants and contributions (£118.0m), with the remainder being from revenue (£8.3m) (Note 32, page 90).

Overall the balance for Property Plant and Equipment assets has reduced by £26.4m, largely as a result of the transfer of land and buildings to academy trusts as set out above.

Pension Liability

The County Council's net liability for retirement benefits is £756.9m, which reduces the County Council's net worth by 81%. The pensions liability has reduced by £65.0m compared to last year, mainly as a result of changes to financial assumptions. Note 20 on retirement benefits (page 63) gives a fuller perspective on the County Council's pension commitments and the assets and liabilities of the schemes but these have no immediate effect on Council Tax levels.

Other Liabilities

The County Council has finance liabilities of £35.7m, comprising £25.7m for property built by Oxfordshire Care Partnership under a service concession arrangement and £10.0m relating to a forward deal on a long-term investment.

The County Council is the accountable body for the Growing Places Fund on behalf of the Oxfordshire Local Enterprise Partnership. The remaining £5.4m of the capital element of the grant received is held within Capital Grants Receipts in Advance pending allocation to projects in 2016/17 and future years.

Performance over the last financial year**Overview**

Oxfordshire County Council's ambition is for a 'thriving Oxfordshire'. This means a place where people can work to achieve a decent life for themselves and their family, a place alive with vibrant, active communities and a place where people can enjoy the rewards of a growing economy and feel safe.

At the start of 2015/16 we set out our plans to lead, support and enable activities to work towards this ambition. During the year we made good progress towards this, delivering a wide range of high quality services to people, businesses and communities across the county.

We achieved this despite shrinking budgets and rising demand for our services. Sustained reductions in Government funding combined with pressure to restrict Council Tax increases resulted in a significant squeeze on council resources over recent years, at a time when demand for services has been increasing.

At the start of the year we had already saved – or had plans to save – a total of £292m between 2010/11 and 2017/18. At the same time, demand for our services continued to increase, partly due to our ageing and growing population and increasing demand for children's social care services.

Against this potentially destabilising financial backdrop, the council's achievements in 2015/16 represent a record of which we can be very proud. The performance of each of the council's directorates is summarised below.

Environment and Economy

Through our leadership and actions in 2015/16 we helped to create the conditions to support investor confidence in Oxfordshire as the location of choice for the world's leading science and technology businesses. Our City Deal and Local Growth Fund allocations helped to deliver transformational growth through major infrastructure improvements and provided support in developing, employing and exporting profitable businesses and research and innovation.

The council is a key partner in the Local Enterprise Partnership (OxLEP) and in 2015/16 we provided a significant resource element to drive the ambition found in the Strategic Economic Plan. Through our strong and effective partnership working across the public, business and academic sectors, we helped businesses thrive, and ensured that Oxfordshire remains a highly attractive location for investment.

The council leads the Better Broadband Programme for Oxfordshire. The programme reached its target of 90% superfast coverage (80,000 premises) for Oxfordshire by December 2015. This first phase drew on £21m funding from the council, BT and Broadband Delivery UK (BDUK – part of the Department for Culture, Media and Sport) and was delivered on time and to budget. The second phase of the programme, which aims for 95% coverage by December 2017 (4600 more homes and businesses), follows on under council leadership with a total of £5.6m committed by the council and its partners.

In our role as the Highways Authority we maintained the statutory Local Transport Plan, which sets out the long-term transport strategy for Oxfordshire. We also sought to make effective interventions to address challenges in the county's road network and public transport systems. We (via our principal contractor, Skanska) worked to ensure the maintenance of the county's roads, footways, bridges, drainage and street lights in the most efficient way, delivering a more stable asset. We also continued to respond to public concerns by improving public information and access to information (e.g. through FixMyStreet defect reporting online).

We were successful in our Department for Transport (DfT) Challenge Fund Bid with the Department providing a capped funding contribution of £13.0m towards our total scheme costs of £14.5m. This is a reflection of the quality of asset information we hold in many areas of the highway service, which enabled us to successfully deliver the first year of the programme including:

- Refurbishment and repair of surface water carrier drain systems in towns and villages across the south of Oxfordshire;
- Also in rural south Oxfordshire, creation and re-establishment of a network of sustainable drainage grips to remove water off the highway and into drainage ditches and ponds;
- Innovative highway edge strengthening design, preparation and procurement for construction in years 2 and 3 of the Challenge Fund Programme at all sites identified in our bid;
- Replacement of over 1,400 deteriorating street lighting columns in excess of 40 years old in the major towns of Oxfordshire.

We also completed the first self-assessment of our highways service in accordance with the new DfT model and achieved a Band 2 assessment which acknowledges that we are competent in our application and understanding of asset management principals.

Work continued on the construction of major highway schemes across the county. The council's overall capital expenditure on highway maintenance and new works during the year was £47.6m which included the completion of the Plain and Frideswide Square schemes and means that the Chilton, Milton, Wolvercote and Cutteslowe highway schemes are all set to be completed in the 2016/17 financial year.

The council spent £35.7m in 2015/16 on a range of supported transport services for those in the county who are in need. This included funding home to school transport for eligible school children, providing transport to and from day centres for adult social care clients, supporting community transport services, and subsidising concessionary bus passes for the elderly and disabled, along with various other forms of direct or indirect provision.

During the year the council's role in spatial planning was to work with the City and District councils, and local communities, to support the urgent need to plan for future growth. We worked with other councils on their statutory Local Plans to develop a combined approach for strategic planning, and began developing a county-wide infrastructure strategy to set out clearly where, and what, investment is needed to support the most sustainable growth in the county.

As Waste Disposal Authority our Energy Recovery Facility at Ardley completed its first year of being fully operational, significantly reducing the amount of material we sent to landfill sites. Despite this, market pressures meant that the cost of disposal of waste, plus the impact of growth on the amount of waste produced, continued to put pressure on the council's budgets.

As a rural county any economic growth needs to be carefully balanced against the need to preserve our countryside and enhance the environment. We led work on this both through continued efforts to inform and shape the statutory spatial development plans of the District and City councils, and through our own property services. This ensured that the council's presence in both rural and urban Oxfordshire remained sympathetic to the environment and the needs of the community.

We continued to make changes to our property portfolio and disposed of £1.7m worth of assets in 2015/16. In addition we moved out of our Cambridge Terrace premises and

developed plans to vacate Speedwell House and increase our usage of County Hall, which will be completed in the 2016/17 financial year.

Our Customer Services Centre increasingly provided the 'front door' to the council during 2015/16. This helped to ensure that residents got what they needed from the council as quickly and efficiently as possible. The single point of contact also performed a key role in supporting front line services to improve their performance, and to deliver savings by helping to optimise work processes and simplify the customer's interactions with the council.

Children, Education and Families

The council's ambition is for Oxfordshire to be the best place in England for children and young people to grow up. We focused our resources on this in 2015/16 by working to ensure that every child and young person could develop the skills, confidence and opportunities they need to achieve their full potential.

We worked with partners to improve the wellbeing of children and young people, and to reduce inequalities between them. As a result we saw a rise in the proportion of children attending primary and secondary schools judged as 'good' or 'outstanding', and saw Oxfordshire pupils continue to perform in line with or above the national averages at all Key Stages.

Our Children's Social Care services were judged as 'Good' by Ofsted in the summer of 2014. This was during a time of significant increase in demand for services. Child protection numbers have increased to 253% of their 2008 levels and the number of looked after children now stands at 47% higher than 2008. 2015/16 saw considerable increases in activity levels: a 14% increase in referrals, a 26% increase in assessments, 11% increase in child protection investigations, a 3% increase in case conferences and an 11% increase in children becoming the subject of a child protection plan.

Despite these increases, all child protection cases and looked after children in 2015/16 had a named allocated social worker. The growth in children looked after put extra stress on placements. Consequently the council developed a placement strategy which includes the building of 4 new children's assessment homes and recruitment of additional foster carers. Even with the additional pressures, our approach meant that the numbers of children placed out of county and not in neighbouring authorities rose by only 5 in the year.

During the year, the council published its local offer in response to the special educational needs and disability (SEND) reforms set out in the Children and Families Act 2014. The offer included detailed guidance for parents and schools on identifying and supporting children and young people with special educational needs. This has been provided in an accessible and imaginative way, including a range of animations to help parents and professional understand the changes.

One of the main drivers for the SEND reforms was to ensure that young people with special educational needs and/or disabilities have improved lives. This includes having paid employment. Last year, Supported Internships were introduced in Oxfordshire through joint collaboration between Oxford Employment Service, Mencap, colleges, and the council's children's and adults' services. At the Annual Employment Awards Ceremony 16 of the 17 students enrolled on this year's pilot received awards. It is expected that around 70% will

move into paid employment and those that do not have a job will have the choice to continue to be supported by Oxford Employment Service and Mencap until paid work is found. There has been extremely positive feedback from the employers involved.

The council owns three outdoor education centres which deliver outdoor education programmes to Oxfordshire schools and provide inspiring places for Oxfordshire's children, young people and families. For example, over 16,000 children and young people participated in activities at Hill End outdoor education centre in Oxford during 2015/16. Together, the centres delivered a financial surplus in 2015/16, which contributed to the council's wider budgetary savings. We are currently investigating a new delivery model for the governance and management of this service and intend to be in a position to transfer them to another provider by October 2016.

Adult Social Services

We aim to support and promote strong communities so that people can live their lives as successfully, independently and safely as possible. We have a statutory duty to meet the needs of vulnerable adults, such as personal care (assistance with toileting, bathing and eating), and in some circumstances help with occupation and activities during the day (for example for younger adults who may require access to training, and employment of older, disabled and vulnerable people and their carers). Access to support is normally through a professional assessment of need based on nationally set eligibility criteria.

Our adult social care service's performance in 2014/15 was ranked 6th best in the country against the Government's nationwide social care outcome framework (ASCOF), and this strong performance continued in 2015/16. This meant our services were judged as:

- Enhancing the quality of life for people with care and support needs;
- Delaying and reducing the need for care and support;
- Ensuring that people have a positive experience of care and support;
- Safeguarding adults whose circumstances make them vulnerable. and protecting from avoidable harm.

Enhancing the quality of life for people with care and support needs: People in Oxfordshire responding to a national survey said they had more of their personal care needs met, than the national average level. More were offered direct payments, allowing them control over the care they have, more adults of a working age with social care needs were supported into employment, and people who used our services, and their families who support them, reported they did not feel socially isolated.

Delaying and reducing the need for care and support: People were supported at home for as long as possible - though the council has high levels of delayed transfers of care and levels of reablement services are below the level we would want. Robust action plans are in place to address both these issues.

Ensuring that people have a positive experience of care and support: Levels of satisfaction in national surveys of people who use our services, and their family and friends who support them, is higher than the national average. In Oxfordshire 90% of people who used our services were satisfied, with 67% very satisfied.

Safeguarding adults whose circumstances make them vulnerable, and protecting them from avoidable harm. People who used our services reported that they feel safe. Safeguarding enquiries were dealt with in a timely manner.

As with other parts of the country, we found there to be a shortfall of people who want to work in social care, and that most of our provision was by necessity purchased from private and voluntary providers. This was exacerbated in Oxfordshire with high levels of employment and costs of living in the county. This led to some delays in providing care during the year, but despite this our performance remained strong and satisfaction levels high.

Public Health

Reforms to the public health system (as instigated by the Health and Social Care Act 2012) gave us an unprecedented opportunity to take a far more strategic role in 2015/16 than previously. Consequently we promoted public health through the full range of council business and have become an influential source of trusted advice for the county's population, the local NHS and everyone whose activity might affect, or be affected by, the health of people in Oxfordshire.

Our public health grant for 2015/16 was £28.5m and was ring fenced for public health. With this grant we commissioned public health services from a range of providers. These services included NHS Health Checks, sexual health services, drug and alcohol services, health visiting, school health nursing and work to tackle obesity.

Using the NHS Health Checks Programme as an example, in 2015/16 38,293 residents were offered a NHS Health Check and 19,212 residents attended their Check. This was an uptake of the offer rate of 50.2%. This exceeded both the regional and national uptake averages. As a result of those Checks, we were able to identify 1,073 residents that were at high risk of developing cardiovascular disease and provide them with access to a variety of lifestyle services (weight management, smoking cessation etc.) to support them to reduce this risk.

Oxfordshire Fire and Rescue Service

Ensuring the safety and wellbeing of Oxfordshire's residents remained a high priority for us in 2015/16. Our Fire and Rescue Service, operating from 24 fire stations and with 35 frontline fire appliances, responded to 5885¹ emergency calls during the year. We met our response targets by attending 88.6% of incidents within 11 minutes and 96.3% within 14 minutes.

While we are very proud of this record, our emphasis on prevention remained a high priority. During the year we focused heavily on our Education Programmes to promote risk awareness, self-help and safeguarding, and to sign-post specialist assistance and support when required. We developed our Collaborative Partnership work with the Ambulance Services to support them in the delivery of emergency response to the most serious medical emergencies. We also delivered the Thames Valley Fire Control Service which provided a joint control room for Oxfordshire, Royal Berkshire and Buckinghamshire & Milton Keynes Fire and Rescue Services. This is now delivering significant financial

¹ This figure is taken from Incident Recording System (IRS) Data and is correct as of 22.06.16

savings for the county and is also the catalyst for further operational alignment which will provide a more efficient and effective service.

The end of the year also saw the successful completion of our 10 year vision of 365alive, which had set the following targets in 2005:

- 365 more people alive in Oxfordshire as a result of our activities;
- 840,000 more people educated in fire and road safety, and
- £100m saved to the economy by a reduction in emergency incidents.

By year eight of our ten year initiative we had already achieved our targets and set stretching targets for the final two years, which we also achieved by 2015/16. This success will be taken into the next six years with a revised 365alive and performance targets taking us safely to 2022.

Plans for future service delivery

The 2016/17 budget process started earlier than usual. Following announcements made in the national budget in March 2015, the outcome of the General Election in May 2015 and the subsequent national budget in July 2015, the Council made the decision to consult on further savings options totalling just over £50m for the period to 2019/20 before knowing the total savings that would need to be made. The consultation launched in October 2015 and was supported by a series of public meetings, Talking Oxfordshire.

It was not until the provisional Local Government Finance Settlement was announced on 17 December 2015 that the Council had firm government grant figures for 2016/17, just eight weeks ahead of setting the budget. The methodology used to distribute Revenue Support Grant and Business Rates Top-up Grant was changed without prior warning and led to an additional reduction in funding of £22m over the medium term to 2019/20 on top of the worst case planning assumption of £47m over the same period. This took the total savings made or to be made over the period 2010 to 2020 to £361m.

The Cabinet published its budget proposals and its recommended Budget, Medium Term Financial Plan and Capital Programme on 26 January 2016. As the need to make further significant savings only became apparent in late December 2015, the Cabinet proposed a balanced budget for 2016/17 and savings of £11.2m still to be identified in 2017/18 and 2018/19 to present a balanced position over the medium term.

At the budget setting meeting held on 16 February 2016, Council amended the budget proposals and did not accept £4m of the saving proposals presented. There are £15.2m of savings still to be identified in 2017/18 and 2018/19, recommendations for meeting this will be presented to Cabinet in July 2016 and amendments to the MTFP will be proposed to Council in September 2016.

In setting its budget the Council must set a Council Tax Requirement, which is the amount of funding required to be raised from Council Tax to meet the expenditure plans of the authority after taking into account all other funding. Council approved the Council Tax Requirement for 2016/17 of £305.9m on 16 February 2016. This was based on a Band D Council Tax of £1,281.64, an increase of 3.99% from the previous year. 2% of the increase relates to the new Adult Social Care precept.

The Capital Programme, also approved on 16 February 2016 includes planned expenditure of £139.8m for 2016/17. £108.7m of the total expenditure will be funded by grants and contributions, £26.0m through prudential borrowing and £5.1m through use of capital receipts.

As at 31 March 2016 the County Council was contractually committed to £64.5m capital scheme expenditure.

The County Council's wider use of borrowing powers is defined in the approved Treasury Management Strategy Statement and Annual Investment Strategy. This currently sets an authorised limit for external debt (an upper limit) of £455m for 2016/17 (compared to £490m for 2015/16), and an operational limit (the target limit for day to day activity) of £450m (compared to £480m for 2015/16). The authorised limit is derived from the anticipated borrowing to support capital investment, long-term financial liabilities and day to day cash flow. Borrowing to support the capital programme is currently £397.6m although it will be noted from the balance sheet that this is part-funding assets valued in excess of £1.1bn.

Conclusion

The County Council remains in a substantially robust financial position as at 31 March 2016 despite the falling levels of government funding and increases in demand leading to pressures on Adult and Children's Social Care. While this is becoming increasingly challenging, directorates are broadly on track to deliver the required savings over the medium term.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The County Council's Responsibilities

The County Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For Oxfordshire County Council, that officer is the Chief Finance Officer
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets

The Audit & Governance Committee has examined these accounts and authorised the Chairman to approve the statement of accounts on its behalf.

Signed:

Date

Chairman of the Audit & Governance Committee

The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the County Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ('the Code of Practice').

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice

The Chief Finance Officer has also

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

Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the County Council and its income and expenditure for the year ended 31 March 2016.

Signed:

Date

LORNA BAXTER
Chief Finance Officer

MOVEMENT IN RESERVES STATEMENT

A description of the purpose of this Statement is included in the Narrative Report.

	Notes	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2014		21,494	130,193	14,148	54,540	220,375	57,432	277,807
Movement in reserves during 2014/15								
Surplus (+) or deficit (-) on Provision of Services		-92,216				-92,216	0	-92,216
Other Comprehensive Expenditure and Income			544			544	-95,927	-95,383
Total Comprehensive Income and Expenditure		-92,216	544	0	0	-91,672	-95,927	-187,599
Adjustments between accounting basis & funding basis under regulations	4	75,948		1,930	-4,920	72,958	-72,958	0
Net Increase/Decrease before Transfers to Earmarked Reserves		-16,268	544	1,930	-4,920	-18,714	-168,885	-187,599
Transfers to/from Earmarked Reserves	46	19,071	-19,071			0	0	0
Increase (+)/Decrease (-) in Year		2,803	-18,527	1,930	-4,920	-18,714	-168,885	-187,599
Balance at 31 March 2015		24,297	111,666	16,078	49,620	201,661	-111,453	90,208
Movement in reserves during 2015/16								
Surplus (+) or deficit (-) on Provision of Services		-79,244				-79,244	0	-79,244
Other Comprehensive Expenditure and Income			2,935			2,935	157,842	160,777
Total Comprehensive Income and Expenditure		-79,244	2,935	0	0	-76,309	157,842	81,533
Adjustments between accounting basis & funding basis under regulations	4	65,462		2,016	-20,750	46,728	-46,728	0
Net Increase/Decrease before Transfers to Earmarked Reserves		-13,782	2,935	2,016	-20,750	-29,581	111,114	81,533
Transfers to/from Earmarked Reserves	46	8,469	-8,469			0	0	0
Increase (+)/Decrease (-) in Year		-5,313	-5,534	2,016	-20,750	-29,581	111,114	81,533
Balance at 31 March 2016		18,984	106,132	18,094	28,870	172,080	-339	171,741

Schools' balances are held within Earmarked Reserves (see Note 46).

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A description of the purpose of this Statement is included in the Narrative Report.

	2014/15			Notes	2015/16			
	Gross Expenditure £'000	Income £'000			Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
	458,213	-319,012	139,201	Children's and Education Services	7,8	445,007	-297,120	147,887
	245,441	-55,362	190,079	Adult Social Care	9	224,806	-39,665	185,141
	74,189	-11,251	62,938	Highways and Transport Services		72,236	-14,611	57,625
	30,057	-755	29,302	Fire and Rescue Services		27,981	-961	27,020
	28,087	-2,116	25,971	Environmental and Regulatory Services		31,694	-2,860	28,834
	24,271	-26,216	-1,945	Public Health		28,775	-28,801	-26
	19,532	-1,928	17,604	Cultural and Related Services		16,703	-2,305	14,398
	7,355	-3,416	3,939	Planning Services		22,403	-2,505	19,898
	4,408	-1,839	2,569	Central Services to the Public		3,670	-1,653	2,017
	-186	-474	-660	Other Corporate Services	11,12	3,180	-4,539	-1,359
	891,367	-422,369	468,998	Cost of Services	5,6	876,455	-395,020	481,435
	110,814	-1,865	108,949	Other Operating Expenditure	16	102,475	-2,115	100,360
	54,445	-11,063	43,382	Financing and Investment Income and Expenditure	17,18,19	48,114	-8,575	39,539
	0	-529,113	-529,113	Taxation and Non-Specific Grant Income	21,22	0	-542,090	-542,090
	1,056,626	-964,410	92,216	Surplus(-) or Deficit(+) on Provision of Services	5	1,027,044	-947,800	79,244
				Items that will not be reclassified to the Surplus(-) or Deficit(+) on Provision of Services:				
			-39,241	Surplus or deficit on revaluation of non-current assets	51			-68,713
			2,981	Impairment losses on non-current assets charged to the revaluation reserve	51			-1,857
			133,417	Remeasurements of the net defined benefit liability (asset)	20			-87,495
			97,157					-158,065
				Items that may be reclassified to the Surplus(-) or Deficit(+) on Provision of Services:				
			-1,229	Surplus or deficit on revaluation of available for sale financial assets				223
			-545	Other gains or losses				-2,935
			-1,774					-2,712
			95,383	Other Comprehensive Income and Expenditure				-160,777
			187,599	Total Comprehensive Income and Expenditure				-81,533

BALANCE SHEET

A description of the purpose of this Statement is included in the Narrative Report.

As at 31 March 2015		Notes	As at 31 March 2016	
£'000			£'000	£'000
	Long Term Assets			
1,101,753	Property, Plant and Equipment	24	1,128,120	
7,569	Investment Property	25	7,441	
418	Intangible Assets	27	172	
47,000	Long Term Investments	35,40	87,000	
5,368	Long Term Debtors	37	6,230	
1,162,108	Total Long Term Assets			1,228,963
	Current Assets			
0	Investment Property Held for Sale	25	24	
79	Assets Held for Sale	26	549	
55	Inventories		0	
57,168	Debtors	38	53,778	
289,608	Short Term Investments	35,40	260,317	
22,318	Cash and Cash Equivalents	39	12,786	
369,228	Total Current Assets			327,454
	Current Liabilities			
-35,403	Short Term Borrowing	35,40	-32,235	
-98,262	Short Term Creditors and Revenue Receipts in Advance	41	-89,447	
-4,656	Provisions due within 1 year	42	-8,652	
-815	Short Term Finance liability	40	-10,843	
-31,760	Short Term Capital Grants Receipts in Advance	44	-30,703	
-170,896	Total Current Liabilities			-171,880
	Long Term Liabilities			
-3,273	Long Term Creditors and Revenue Receipts in Advance	41	-4,601	
-7,470	Provisions due over 1 year	42	-2,148	
-368,383	Long Term Borrowing	35,40	-365,383	
-822,003	Pension Liability	20	-756,952	
-25,678	Long Term Finance Liability	40	-24,864	
-3,796	Deferred Income	43	-3,461	
-39,629	Long Term Capital Grants Receipts in Advance	44	-55,387	
-1,270,232	Total Long Term Liabilities			-1,212,796
90,208	Net Assets			171,741
	Financed from:			
201,661	Usable Reserves	45-48	172,080	
-111,453	Unusable Reserves	49-55	-339	
90,208	Total Reserves			171,741

These financial statements were authorised for issue on 14 September 2016 and replace the unaudited financial statements certified by Lorna Baxter on 29 June 2016.

CASH FLOW STATEMENT

A description of the purpose of this Statement is included in the Narrative Report.

2014/15 £'000		Notes	2015/16 £'000
92,216	Net (surplus) or deficit on the provision of services		79,244
-154,787	Adjust net surplus or deficit on the provision of services for non-cash movements	56	-73,434
68,610	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		44,170
6,039	Net cash flows from Operating Activities	57	49,980
-14,836	Investing Activities	58	-47,234
2,827	Financing Activities	59	6,786
-5,970	Net increase (-) or decrease (+) in cash and cash equivalents		9,532
16,348	Cash and cash equivalents at the beginning of the reporting period		22,318
22,318	Cash and cash equivalents at the end of the reporting period		12,786

1. Summary of Significant Accounting Policies

General

The Statement of Accounts summarises the County Council's transactions for the 2015/16 financial year and its position at the year-end 31 March 2016. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code)* (and the 2015/16 Code Update), published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and with the Service Reporting Code of Practice 2015/16 (SeRCOP) also issued by CIPFA.

Except where specifically stated otherwise, the Statement of Accounts is prepared on a historic cost basis, modified by the revaluation of certain categories of assets and financial instruments. The accounts have been prepared on a going concern basis, that is, the accounts have been prepared on the assumption that the functions of the County Council will continue in operational existence for the foreseeable future.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the end of the reporting period (31 March 2016) and the date the Statement of Accounts is authorised for issue. There are two types of event:

- Those that provide evidence of conditions that existed at the Balance Sheet date – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the Balance Sheet date – the Statement of Accounts is not adjusted to reflect such events, but a disclosure is made if the event has a material effect.

Accruals of Income and Expenditure

The accounts are prepared on an income and expenditure basis with activity accounted for in the year it takes place rather than when cash payments are made or received. The bases for recognition are as follows:

- Revenue from the sale of goods is recognised when the County Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the County Council.
- Revenue from the provision of services is recognised when the County Council can measure reliably the percentage of completion of the transaction and it is probable

that economic benefits or service potential associated with the transaction will flow to the County Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when they are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet.

Government Grants and Contributions

Government grants and third party contributions are accounted for on an accrual basis and are recognised in the Statement of Accounts when there is reasonable assurance that the County Council will comply with the conditions attached to their payment and that the grants or contributions will be received.

Grants and contributions relating to capital and revenue expenditure are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the County Council has not satisfied. Conditions are stipulations that require the grant or contribution to be returned to the provider if the terms of the grant or contribution are not met.

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

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

Capital grants and contributions used to finance Revenue Expenditure Funded from Capital Under Statute are accounted for in the same way as other capital grants and contributions i.e. credited to the Taxation and Non-Specific Grant Income line when there are no outstanding conditions and transferred/applied in the same way through the Movement in Reserves Statement.

Revenue grants and contributions that have been credited to the relevant service line in the Comprehensive Income and Expenditure Statement that remain unapplied as at the Balance Sheet Date and are required to meet committed expenditure in future years are transferred to an earmarked reserve through the Movement in Reserves Statement.

Council Tax income

The Council Tax income included in the Comprehensive Income and Expenditure Statement (CIES) for the year is the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the County Fund is taken to the Collection Fund Adjustment Account and included as an adjusting item in the Movement in Reserves Statement.

The district councils in Oxfordshire are acting as agents of the County Council in collecting Council Tax. The cash collected from Council Taxpayers belongs proportionately to the district councils and the major preceptors (the County Council and the Thames Valley Police & Crime Commissioner). There is therefore a debtor/creditor position between each district council and the County Council to recognise that the net cash paid to the County Council in the year is not the same as its share of cash collected from Council Taxpayers. The County Council recognises its share of Council Tax debtor and creditor balances and impairment allowances for doubtful debts in its Balance Sheet. The Cash Flow Statement of the County Council includes the net Council Tax cash received from the Collection Fund in the year.

Business Rates income

The Business Rates income included in the Comprehensive Income and Expenditure Statement (CIES) for the year is the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the County Fund is taken to the Collection Fund Adjustment Account and included as an adjusting item in the Movement in Reserves Statement.

The district councils in Oxfordshire are acting as agents of central government and the County Council in collecting Business Rates. The cash collected from Business Ratepayers belongs proportionately to the district councils, central government and the County Council. There is therefore a debtor/creditor position between each district council and the County Council to recognise that the net cash paid to the County Council is not the same as its share of cash collected from Business Ratepayers. The County Council recognises its share of Business Rates debtor and creditor balances, impairment allowances for doubtful debts and provisions for losses on appeal in its Balance Sheet. The Cash Flow Statement of the County Council includes the net Business Rates cash received from the Collection Fund in the year.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries and wages, paid sick leave and paid annual leave and are recognised as an expense for services in the year in which employees render service to the County Council. Where material, an accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to the County Fund Balance in the financial year in which the absence occurs in accordance with regulations.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the County Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accrual basis to the relevant service line in the Cost of Services at the earlier of when

the County Council can no longer withdraw the offer of those benefits or when the County Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the County Fund Balance to be charged with the amount payable by the County Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

The County Council participates in four pension schemes: the Local Government Pension Scheme, the Fire-fighters' Pension Scheme (1992, 2006, 2015 and modified schemes and injury compensation scheme), the Teachers' Pension Scheme and the NHS Pension Scheme.

These schemes provide defined benefits to members. However, the arrangements for the teachers' pension scheme and the NHS pension scheme mean that liabilities for these benefits cannot be identified to the County Council. These schemes are therefore accounted for as if they are defined contributions schemes – no liability for future payment of benefits is recognised in the Balance Sheet and the relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable in the year.

The County Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award are accounted for on the same basis as defined benefit schemes.

For the schemes treated as defined benefit schemes the Cost of Services includes:

- Current service cost – the increase in the present value of a scheme's liabilities resulting from employee service in the current period. This is included in the relevant service line within the Cost of Services.
- Past service cost – the increase in the present value of the scheme liabilities for employee service in prior periods, resulting from a scheme amendment or curtailment. This is included in Non Distributed Costs within the Cost of Services.
- Gain/loss on settlement – changes in liabilities relating to actions that relieve the County Council of primary responsibility for a pension obligation. This is included in Non Distributed Costs within the Cost of Services.

The net interest on the defined benefit liability (asset) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time - is included in the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Remeasurements comprising actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated their assumptions – and the return on scheme assets, excluding amounts included in net interest on the net defined liability (asset), are recognised in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

Scheme assets attributable to the County Council are measured at fair value as at the Balance Sheet date. Scheme liabilities attributable to the County Council are measured on an actuarial basis using the projected unit method. The net pensions liability is recognised in the Balance Sheet.

The amount chargeable to the County Fund for providing pensions for employees is the amount payable for the year in accordance with the statutory requirements governing each particular pension scheme. Where this amount does not match the amount charged to the Surplus or Deficit on the Provision of Services for the year the difference is taken to the Pensions Reserve via the Movement in Reserves Statement.

Fire-fighters injury awards are disability benefits paid by the County Council that do not form part of the fire-fighters pension scheme. However, the measurement of these long-term benefits is subject to the same degree of uncertainty as the measurement of fire-fighters post-employment benefits and therefore they are accounted for in the same way as fire-fighters post-employment benefits.

Overheads and Support Services

Overheads are charged to services and the corporate and democratic core in accordance with the Service Reporting Code of Practice (SeRCOP).

The costs of central support services supplied by the Corporate Services and Environment & Economy directorates are charged to services on the basis of time spent and the level of services provided.

The cost of operating non-school buildings is charged to users on a usage basis.

The principles of SeRCOP are applied on the same basis to all services offered by the County Council, including trading operations.

Trading Activities

A trading activity is a method of matching income and expenditure for a particular activity or group of activities where services are provided on a basis other than a straightforward recharge of cost or on a cash-limited vote basis.

Where the County Council operates trading undertakings, the surplus or deficit on the trading operation is disclosed as part of Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement rather than as part of the Cost of Services. Where material, the following disclosures are made:

- The nature of the activity;
- Turnover;
- Surplus or deficit;
- Any reapportionment of the surplus or deficit; and
- Any details placing the financial performance in a context useful to the reader.

Property, Plant and Equipment

Assets that have a physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. These include operational land and buildings, vehicles, plant and equipment, surplus assets, assets under construction and infrastructure.

NOTES TO THE CORE FINANCIAL STATEMENTS

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that future economic benefits or service potential associated with the item will flow to the County Council and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance, which is charged directly to service revenue accounts as an expense when incurred.

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (this only applies when the County Council has an obligation to carry out such activities when the item is acquired, constructed or installed)

The County Council does not capitalise borrowing costs incurred whilst assets are under construction.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement, unless the donated asset has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Gains credited to the Comprehensive Income and Expenditure Statement are reversed out of the County Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Property, Plant and Equipment is subsequently carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historic cost
- Other Property, Plant and Equipment assets (excluding surplus assets) – current value, determined as the amount that would be paid for the asset in its existing use
- Surplus assets – fair value (at highest and best use), determined as the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historic cost basis is used as a proxy for current value.

A *de minimis* level of £20,000 is applied for land and buildings and £15,000 for vehicles and plant, other than for schools local capital spend where a *de minimis* of £2,000 is applied.

Revaluations of property assets are undertaken on a five-year rolling programme as shown below. Material changes to asset valuations are adjusted in the interim periods.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Date of Last Revaluation	Date of Next Revaluation
Secondary and special schools	2014/15	2019/20
Primary, nursery, junior and infant schools	2015/16	2020/21
Social care premises, libraries, museums and adult learning premises	2011/12	2016/17
Fire & Rescue Service and Community Safety premises, staff housing, central offices and highways depots	2012/13	2017/18
Other educational premises (including children's, youth and sports centres), surplus assets and other properties not revalued within the past 5 years	2013/14	2018/19

Investment properties valuations are reviewed annually. Assets held for sale are revalued at the point of reclassification to that category.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service revenue account.

Decreases in valuations are accounted for as follows:

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

Assets are assessed each year as to whether there is an indication of impairment. Where indications exist and the recoverable amount of the asset is materially lower than the carrying amount, an impairment loss is recognised for the shortfall. Where impairment losses are identified they are accounted for in the same way as decreases in valuations.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service revenue account, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation of Property, Plant and Equipment

Depreciation is provided for on all Property, Plant and Equipment with a finite life, which is determined at acquisition or revaluation. Assets in the course of construction are not depreciated until they are brought into use. Depreciation is an estimation technique that is calculated using the straight-line method with the following asset lives:

- Buildings: 60 years (or less if specified by the valuer)
- Vehicles, plant and equipment: between 5 and 30 years
- IT equipment and infrastructure: between 3 and 5 years
- Infrastructure (roads and bridges): 35 years

Land is determined to have an infinite life and is not depreciated.

NOTES TO THE CORE FINANCIAL STATEMENTS

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Charges to Revenue for Property, Plant and Equipment

Service revenue accounts, central support services and trading accounts are charged with a capital charge for all Property, Plant and Equipment used in the provision of services. The charge covers the annual provision for depreciation and revaluation and impairment losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The County Council is not required to raise Council Tax to fund depreciation or revaluation/impairment losses. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (referred to as Minimum Revenue Provision (MRP)). Depreciation and revaluation/impairment losses are therefore replaced by the MRP contribution in the County Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. To be classified as an Asset Held for Sale the asset must meet the following criteria:

- Available for immediate sale in its present condition
- The sale must be highly probable
- Actively marketed at a reasonable sale price
- The sale should be expected to be completed within 1 year

Assets Held for Sale are measured at the lower of their carrying value and fair value less costs to sell at initial reclassification. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Decreases in fair value less costs to sell are recognised in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Property, Plant and Equipment and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain

or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from the disposal of assets in excess of £10,000 are categorised as capital receipts. Capital receipts are appropriated to the Capital Receipts Unapplied reserve from the County Fund Balance in the Movement in Reserves Statement.

The written off value of assets disposed of is appropriated to the Capital Adjustment Account from the County Fund Balance in the Movement in Reserves Statement so that there is no charge against the Council Tax.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost and subsequently at fair value (at highest and best use), being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Investment properties are not depreciated and are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Gains and losses on disposal are posted to Other Operating Expenditure. The gains and losses are reversed out of the County Fund Balance to the Capital Adjustment Account (or Capital Receipts Unapplied for disposal receipts over £10,000) in the Movement in Reserves Statement so that they do not impact on Council Tax.

Heritage Assets

Tangible heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Intangible heritage assets are intangible assets with cultural, environmental or historical significance.

Tangible assets with heritage characteristics that are used by the County Council in the provision of services are accounted for as operational assets within Property, Plant and Equipment and not treated as heritage assets.

Where the cost or value of a heritage asset is available (subject to the *de minimis* levels set out below) the asset is recognised on the Balance Sheet. Where information on the cost or value of a heritage asset is not available, and the cost of obtaining the information outweighs the benefits to the users of the accounts, the asset is not recognised on the Balance Sheet.

A *de minimis* level of £20,000 is applied to the capitalisation of individual heritage assets and an overall minimum aggregate value of £250,000 before recognition on the Balance Sheet.

The main heritage assets held by the County Council comprise museum collections, history collections and archaeological sites. Information is not available on the cost of these assets, other than for a very small number of items, as the majority have been donated or acquired by excavation. The County Council considers that obtaining valuations for the museum and history collections would involve a disproportionate cost in comparison to the benefits to the users of the accounts and therefore does not recognise these assets on the Balance Sheet. The County Council does not consider that reliable valuation information can be obtained for the archaeological sites because of the diverse nature of the sites and

lack of comparable market values, and therefore does not recognise these assets on the Balance Sheet.

Intangible Assets: Software Licenses

Intangible assets are non-monetary assets that do not have a physical substance but are controlled by the County Council as a result of past events and from which future economic benefits or service potential is expected to flow to the County Council.

The County Council policy is to capitalise software licenses for major applications. For this purpose an application is a major application where the initial cost exceeds £20,000. Intangible assets are measured at cost. The cost is amortised and charged to the relevant service revenue account within the Comprehensive Income and Expenditure Statement over a period of up to 6 years using the straight-line method. Amortisations are reversed out of the County Fund Balance in the same way as depreciation, so that there is no impact on Council Tax.

Revenue Expenditure Funded from Capital Under Statute

Capital expenditure on non-current assets not owned by the County Council and grants given by the County Council for capital purposes are charged to the relevant service revenue account in the Comprehensive Income and Expenditure Statement. In accordance with statutory provisions this expenditure is transferred from the County Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement, such that there is no impact on Council Tax.

Private Finance Initiative (PFI) and similar contracts (service concession arrangements)

PFI type contracts involve a private sector entity (the operator) constructing or enhancing property used in the provision of a public service, and operating and maintaining that property for a specified period of time. The operator is paid for its services over the period of the arrangement. Where the County Council controls or regulates the services provided by the operator and controls the residual interest in the property at the end of the term of the arrangement the contract meets the tests for accounting as a service concession arrangement.

Properties used in service concession arrangements are recognised as Property, Plant and Equipment of the County Council. The original recognition of the assets at fair value (based on the cost to purchase the assets) is matched by the recognition of liabilities for amounts due to the operators to pay for the assets. Once recognised on the Balance Sheet these assets are revalued and depreciated in the same way as other Property, Plant and Equipment owned by the County Council.

The amounts payable to the service concession arrangement operators each year are analysed into five elements:

- The value of services received during the year – charged to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance costs – an interest charge on the outstanding finance liability – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payments towards the finance liability – applied to write down the Balance Sheet liability towards the operator
- Contingent rents – inflationary increases in the amounts to be paid for the property arising during the contract – charged to the Financing and Investment Income and

NOTES TO THE CORE FINANCIAL STATEMENTS

Expenditure line in the Comprehensive Income and Expenditure Statement. Note for the County Council's current service concession arrangement there is no inflation applied to the elements of the contract payments relating to the property build costs and therefore no contingent rents.

- Lifecycle replacement costs – recognised as a capital prepayment in the Balance Sheet and transferred to Property, Plant and Equipment when capital works are undertaken.

(See also the accounting policy on debt redemption.)

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a property lease covers both land and buildings, the land and buildings elements are considered separately for lease classification.

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

Where the County Council is the lessee, property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. The lease payments are apportioned between a charge for the acquisition of the interest in the asset – applied to writing down the liability, and a finance charge – charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Once recognised on the Balance Sheet, assets recognised under finance leases are accounted for in the same way as other Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

(See also the accounting policy on debt redemption.)

Where the County Council is the lessee, operating lease rentals are charged to the relevant service revenue account in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease period except where the contractual payment terms are considered to be a more systematic and appropriate basis.

Where the County Council leases an asset to others under a finance lease, the asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the County Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, matched by a long-term debtor in the Balance Sheet. Finance lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property – applied to write down the long-term debtor (together with any premiums received), and finance income credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is required under statute to be treated as a capital receipt. Where a premium has been received, this is posted out of the County Fund Balance to the Capital Receipts Unapplied reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the County Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the long-term debtor and the deferred capital receipts are transferred to the Capital Receipts Unapplied reserve. The written-off carrying amount of the asset on disposal is appropriated to the Capital Adjustment Account from the County Fund Balance in the Movement in Reserves Statement so that there is no impact on Council Tax.

Where the County Council leases an asset to others under an operating lease, the asset is retained on the Balance Sheet. Rental income is credited to the relevant service revenue account in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease period (including any premiums received at the commencement of the lease).

Cash and Cash Equivalents

Cash is represented by cash in hand and bank deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The County Council treats the following as cash equivalents:

- Instant Access Call Accounts
- Instant Access Short Term Funds
- Deposits with one working day to maturity from date of deposit

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the County Council's cash management.

Financial Assets

Financial assets are classified into three types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments
- Financial assets at fair value through profit or loss – assets that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking

Loans and receivables are initially measured at fair value and carried in the Balance Sheet at their amortised cost. Credits to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for external interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate for the instrument. For the majority of the County Council's investments, the effective interest rate is the same as the actual interest receivable in accordance with the

loan agreement. Short duration receivables with no stated interest rates (e.g. debtors) are measured at original invoice amount.

The County Council has made a number of loans to clients and other organisations at less than market interest rates or zero rate (referred to in the Code as soft loans). For 2015/16 there are no material differences between the fair value and the nominal value of such loans and no adjustments have been made on initial recognition of these loans. The balance in the Financial Instrument Adjustment Account for previous differences between the amount charged or credited to the Comprehensive Income and Expenditure Statement and the contractual interest income (if any) for soft loans has been written out during the year.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the carrying value of the asset is reduced through the use of an allowance account and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses arising on the derecognition of assets are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-sale assets are initially measured and carried in the Balance Sheet at fair value. Where the asset has fixed or determinable payments, credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective interest rate for the instrument. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable.

Assets are maintained in the Balance Sheet at fair value. Values are based on:

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

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

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss recognised in Other Comprehensive Income and Expenditure (except for impairment losses).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down through the use of an allowance account and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

Any gains and losses arising on the derecognition of assets are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses recognised in the Available-for-Sale Reserve.

Financial assets at fair value through profit or loss are initially measured and carried in the Balance Sheet at fair value. Movements in fair value are balanced by posting gains and losses to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they arise. Any residual gains and losses arising on derecognition are also credited/debited to the Comprehensive Income and Expenditure Statement. The basis of fair value and the inputs to the measurement techniques is the same as for Available-for-sale assets.

The carrying amounts of individual financial assets are separated into their current (short-term) and non-current (long-term) elements for presentation within the Balance Sheet.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried in the Balance Sheet at their amortised cost. Charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for external interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate for the instrument. For most of the County Council's borrowings the effective interest rate is the same as the actual interest payable in accordance with the loan agreement. In respect of stepped interest rate loans entered into before 9 November 2007, statutory regulations require that the amount taken to the County Fund Balance is the contractual interest payable. The reconciliation between the amount charged to the Comprehensive Income and Expenditure Statement and the contractual interest payable is managed by a transfer from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The carrying amounts of individual financial liabilities are separated into their current (short-term) and non-current (long-term) elements for presentation with the Balance Sheet.

Gains and losses on the repurchase or early settlement of borrowing are written-down to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase takes place as part of a restructuring exercise that involves the modification or exchange of existing loans, the premium or discount adjusts the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan. All early repayments of PWLB loans are treated as extinguishments rather than modifications, including where a replacement loan has been arranged from PWLB on the same day, and any associated premium or discount is written off immediately. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, statutory regulations allow the impact on the County Fund Balance to be spread over future years. The County Council has a policy of charging all premiums/discounts to the County Fund Balance in the year.

Debt Redemption

The County Council complies with legislation by charging the County Fund Balance with 4% of outstanding debt supported by government borrowing and making provision for repayment of prudential borrowing in equal instalments over the estimated life of the asset for which the borrowing is undertaken. In addition the provision for repayment of debt includes an amount equal to the amount that is taken to the Balance Sheet to reduce the finance liability in respect of PFI and similar contracts and for the prepayment of lifecycle

costs relating to these contracts, and an amount equal to the amount that is taken to the Balance Sheet to reduce liabilities in respect of finance leases.

Provisions

Provisions are made where the County Council has a present obligation (legal or constructive) as a result of a past event that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed annually and are adjusted to reflect the current best estimate against the appropriate service revenue account in the Comprehensive Income and Expenditure Statement. When payments are eventually made they are charged directly to the provision.

Insurance

The County Council has a policy of self-insurance of claims across its main insurance categories. In accordance with the Code the insurance provision is set aside to cover insurance claims actually received and awaiting resolution that have been advised to the County Council and which it has been decided to be insured internally rather than externally. Subject to the contingent liabilities listed in Note 61, there are no significant unfunded risks.

Contingent liabilities

The County Council discloses contingent liabilities in the notes to the accounts. Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed by one or more uncertain events occurring in the future and are not wholly under the County Council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that there will be a transfer of economic benefits or where the obligation cannot be measured with sufficient reliability.

Financial guarantee contracts come under the definition of financial instruments and are initially recognised in the accounts at fair value. This only applies to guarantees entered into after 1 April 2006. Any entered into before that date continue to be recognised as contingent liabilities. If payment under the guarantee becomes probable the liability would be determined in accordance with the requirement for provisions.

Reserves

A reserve, whether capital or revenue, results from events that have allowed monies to be set aside, surpluses or decisions causing anticipated expenditure to have been postponed or cancelled. These can be spent or earmarked at the discretion of the County Council. Earmarked revenue reserves can be used to set aside available monies for major anticipated capital schemes, for projects or service arrangements that the County Council may wish to carry out, business unit surpluses, service efficiency savings and contingent liabilities where a provision is not required.

Reserves are established and used for different reasons. These include:

- Usable reserves - reserves that can be used at the County Council's discretion to fund either revenue or capital spend
- Unusable reserves - reserves relating to unrealised gains, such as the Revaluation Reserve, that are not "cash backed" and cannot be used to fund future capital or revenue spending and reserves relating to differences between accounting policy and statutory requirements, such as the Capital Adjustment Account.

NOTES TO THE CORE FINANCIAL STATEMENTS

Earmarked reserves are created by appropriating amounts from the County Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service revenue account. The reserve is then appropriated back into the County Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Group Accounts

The County Council is required to prepare group accounts where it has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. For 2015/16 the County Council did not have any such interests and therefore prepared these accounts only as a single entity rather than as group accounts.

The County Council participates in a number of joint operations (e.g. pooled budget arrangements with the health sector). The County Council accounts directly (in its single entity accounts) for its part of the assets, liabilities, income, expenditure and cash flows held within or arising from such an arrangement.

There are a number of circumstances where the County Council exercises limited influence and these are disclosed as related parties. Under these circumstances, transactions with these bodies are charged against the appropriate service in the Comprehensive Income and Expenditure Statement, and balances owed by them or to them are included in debtors and creditors.

Schools

The Code confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the Schools Standards and Framework Act 1998, as amended) lie with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore the transactions, cash flows and balances of the schools maintained by the County Council are recognised in its financial statements as if they were transactions, cash flows and balances of the County Council. Revenue expenditure and income for the maintained schools is included within 'Children's and Education Services' in the Comprehensive Income and Expenditure Statement.

In accordance with the Education Reform Act 1988, the scheme of Local Management of Schools provides for the carry forward of individual school surpluses and deficits. These are held as usable earmarked reserves and are committed to be spent on schools.

Taxation

The County Council is exempt from income tax under Section 838 of the Income Tax Act 2007, from Corporation Tax under Section 519 of the Income and Corporation Taxes Act 1988 and from capital gains tax under Section 271 of the Taxation of Capital Gains Act 1992.

Value Added Tax is excluded from both revenue and capital in terms of both income and expenditure except where the County Council is not able to recover VAT on expenditure.

The County Council incurs landfill tax, which is charged on a tonnage basis to the County Council by its waste disposal contractors.

In addition, the County Council incurs stamp duty land tax on the acquisition of property freeholds and leaseholds, climate change levy on its energy bills and insurance premium tax on its insurance costs. Also, the County Council incurs employer's national insurance contributions based on a percentage of staff salaries.

Where the County Council incurs tax, this cost is charged to services in the Comprehensive Income and Expenditure Statement in accordance with SeRCOP.

Pension Fund Accounts

The County Council administers the Oxfordshire Pension Fund that provides pensions and other benefits for former employees of the County and District Councils and other approved bodies (excluding fire-fighters, teachers and public health (former NHS staff), who have their own schemes). The County Council makes a contribution to the fund (in addition to employee contributions). An independent actuary determines the level of the contribution, following a review that takes place every three years. The accounting policies that are used in the Oxfordshire Pension Fund accounts are shown in the Notes to the Pension Fund Accounts.

The County Council also administers the Fire-fighters Pension Fund scheme for Oxfordshire. The notes to the Fire-fighters Pension Fund accounts include the accounting policies used for those accounts.

2. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the County Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the County Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the County Council might be impaired in accordance with IAS 36 *Impairment of Assets* as a result of a need to close facilities and reduce levels of service provision.
- School land and buildings that have transferred to academy trusts under 125 year leases (or where the freehold has transferred) have been written out of the County Council's Balance Sheet based on an assessment in accordance with IAS 17 *Leases* and IAS 16 *Property, Plant and Equipment*. School land and buildings that are the subject of short-term lease/license agreements with academy trusts have been retained on the County Council's Balance Sheet as at 31 March 2016.
- An assessment under IFRIC 12 *Service Concession Arrangements* concluded that the County Council controls the residential care services provided under the agreement with Oxfordshire Care Partnership (OCP) and the residual value of all but one of the homes at the end of the agreement. Except for the home where the residual value at the end of the contract rests with OCP, the accounting policies for PFI and similar contracts have been applied to the arrangement and the homes (valued at £17.465m as at 31 March 2016) are recognised as Property, Plant and Equipment on the Balance Sheet. A finance liability has been recognised on the Balance Sheet for the amounts due to be paid under the contract for the new homes built by OCP.
- The Code requires heritage assets to be recognised as a separate category of assets on the Balance Sheet in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (section 34), subject to the proviso that where information on cost or valuation is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial

NOTES TO THE CORE FINANCIAL STATEMENTS

statements, the assets are not required to be recognised on the Balance Sheet. The County Council considers that obtaining valuations for its heritage assets would involve a disproportionate cost in comparison to the benefits to the users of the accounts and therefore does not recognise these assets on the Balance Sheet. Note 28 provides further details on the heritage assets held by the County Council.

- The County Council is acting as the Accountable Body for the Oxfordshire Local Enterprise Partnership (OxLEP). OxLEP became a company Limited by Guarantee (Not for Profit) in April 2015. It is a business led organisation that works for all of its stakeholders in business, academia and local authorities. The Board of 18 members is led by a private sector Chairman and Deputy Chairman, supported by the Oxfordshire Growth Board Chairman; a Joint Committee which brings together Local Authority partners in a collective decision making structure. The Business representation comes from across all sectors and all sizes of business. It exists to drive the economic growth of Oxfordshire and the creation of Jobs for our communities. In accounting for OxLEP it has been assessed that the County Council is acting as the principal in accordance with IAS 18 *Revenue* and OxLEP's transactions have been included in the County Council's accounts. The LEP received £8.370m of Growing Places Fund in 2011/12 to spend on capital projects to address infrastructure needs, with any funds not used for this purpose to be returned to the Department of Communities and Local Government. The remaining £5.431m has been recognised as a capital grant receipt in advance as at 31 March 2016 as there is an obligation to return the funds if it is not spent on capital projects on behalf of the LEP. The Council also received £15.730m Local Growth Fund in 2015/16 on behalf of the LEP, which was applied to capital expenditure during the year.
- The Oxfordshire Clinical Commissioning Group (OCCG) is the Accountable Body for Oxfordshire's allocation of the Better Care Fund and will be held to account by NHS England for the appropriate use of the resources locally. Based on an assessment in accordance with IFRS 11 *Joint Arrangements* and IAS 18 *Revenue* (in relation to principal and agent transactions), £19m of adult social care expenditure supported by the Better Care Fund is accounted for within the OCCG's accounts and does not form part of the adult social care expenditure reported within the County Council's accounts.
- The County Council has made an assessment of the balance sheet treatment of schools' non-current assets in accordance with IAS 16 *Property, Plant and Equipment* and IAS17 *Leases*. Where assets are owned by the Council and used by maintained schools, the economic benefits and service potential of the asset is considered to be within the control of the Council and therefore the assets are recognised on the Council's balance sheet. Where they are owned by trustees and used by maintained schools (in most cases Voluntary Aided and Voluntary Controlled schools) the Council has assessed that the trustees permit the assets to be used for voluntary education and have not reassigned rights to the assets to the school or governing body. Therefore the assets are not recognised on the Council's balance sheet. In some cases school sites are part owned by the Council and part by trustees. These assets are treated in line with the above. In accordance with the Schools Standards and Framework Act 1998, ownership of playing fields rests with the Council and these are therefore recognised on the Council's balance sheet (subject to de-minimis valuations). The Property Valuers, Capita, are informed of changes to the ownership of Council assets by the Council's Legal Services department, and any adjustments to the value of assets as a consequence are reflected in the Council's balance sheet.

3. Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the County Council's Balance Sheet as at 31 March 2016 for which there is significant risk of material adjustment in the forthcoming year are as follows:

Property, Plant and Equipment

As at 31 March 2016 the County Council had £584.540m of land and buildings on its Balance Sheet. Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance of those buildings. Reductions in the budget for repairs and maintenance spending brings into doubt the useful lives assigned to buildings. If the useful life of buildings is reduced, depreciation increases and the carrying amount of the building falls. It is estimated that the annual depreciation charge for buildings would increase by £0.393m for every year that useful lives had to be reduced.

Debtors

As at 31 March 2016 the County Council had a balance for current debtors of £64.258m and had estimated an impairment allowance for doubtful debts of £10.480m. The impairment allowance comprises £2.637m for the County Council's own debts based on the age and type of each debt and £7.843m for the County Council's share of Council Tax and Business Rates debts within the Collection Funds administered by the district councils. However, if collection rates deteriorate this impairment allowance may not be sufficient. A 10% increase in the amount of the impairment allowance for doubtful debts would require an additional £0.264m to be set aside as an allowance by the County Council and £0.784m from the Collection Funds.

Provisions

As at 31 March 2016 the County Council made a provision of £4.835m for the settlement of insurance claims. The County Council uses an insurance actuary to help estimate settlement amounts. A variation of 10% in the average amount of each settlement or in the number of claims would have a £0.483m effect on the provision required.

Pensions Liability

Estimation of the net liability to pay pensions (£756.952m as at 31 March 2016) depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase and mortality rates. The assumptions used are set out in the Retirement Benefits note. The County Council uses a firm of actuaries, Barnett Waddingham Public Sector Consulting, to provide expert advice about the assumptions to be applied.

The effects on the net pensions liability of changes in the discount rate or mortality rates are provided in the sensitivity analysis table in the Retirement Benefits note. However, the assumptions interact in complex ways. During 2015/16, the County Council's actuaries advised that the net pensions liability had increased by £29.849m as a result of the return on plan assets and decreased by £118.548m attributable to updating of the assumptions relating to pensions liabilities.

NOTES TO THE CORE FINANCIAL STATEMENTS

This list does not include assets and liabilities that are carried at fair value based on recently observed market price.

4. Adjustments between accounting basis and funding basis under regulations

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

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000
Adjustments to Revenue Resources					
Pension costs transferred to (or from) the Pensions Reserve	22,444				-22,444
Financial instruments transferred to the Financial Instrument Adjustment Account	-20				20
Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	-394				394
Holiday pay transferred to the Accumulated Absences Account	-1,985				1,985
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	170,462				-170,462
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	-1,966		1,966		
Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	-17,163				17,163
Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	-8,115				8,115
Capital grants and contributions applied transferred to the Capital Adjustment Account	-90,298			-27,729	118,027
Capital grants and contributions receivable not applied to finance capital expenditure	-6,979			6,979	
Donated assets fair value less consideration transferred to the Capital Adjustment Account	-524				524
Adjustments to Capital Resources					
Repayment of loans			50		-50
Total	65,462	0	2,016	-20,750	-46,728

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000
Adjustments to Revenue Resources					
Pension costs transferred to (or from) the Pensions Reserve	21,774				-21,774
Financial instruments transferred to the Financial Instrument Adjustment Account	-55				55
Council Tax and Business Rates transferred to the Collection Fund Adjustment Account	1,635				-1,635
Holiday pay transferred to the Accumulated Absences Account	-1,431				1,431
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure to the Capital Adjustment Account	163,633				-163,633
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds to the Capital Receipts Unapplied Reserve	-1,799		1,799		
Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	-17,693				17,693
Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	-6,607				6,607
Capital grants and contributions applied transferred to the Capital Adjustment Account	-60,297			-28,132	88,429
Capital grants and contributions receivable not applied to finance capital expenditure	-23,212			23,212	
Adjustments to Capital Resources					
Repayment of loans			131		-131
Total	75,948	0	1,930	-4,920	-72,958

5. Amounts reported internally

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified in the Service Reporting Code of Practice. However budget monitoring and outturn reports received by the County Council's Cabinet are analysed across directorates. These reports are prepared on a different accounting basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure other than for capital expenditure financed from the revenue budget, whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement, together with Revenue Expenditure Funded by Capital Under Statute
- The cost of retirement benefits is based on payment of employer's pension contributions rather than current service cost of benefits accrued in the year
- The cost of short term employee benefits excludes accruals for short-term compensated absences
- Directorate expenditure includes transfers to earmarked reserves and some costs that fall outside of the Cost of Services such as principal and interest payable in relation to finance leases and service concession arrangements

NOTES TO THE CORE FINANCIAL STATEMENTS

The income and expenditure of the County Council's directorates recorded in the updated outturn position for the year is as follows:

2015/16	Children, Education & Families	Social & Community Services	Environment & Economy	Corporate Services	Public Health	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-23,556	-46,635	-82,894	-18,903	-188	-172,176
Government grants and contributions	-294,510	-6,692	-13,238	-3,283	-28,800	-346,523
Total Income	-318,066	-53,327	-96,132	-22,186	-28,988	-518,699
Employee expenses	238,116	51,964	45,492	19,251	1,633	356,456
Other operating expenses	118,373	185,749	122,014	5,245	26,568	457,949
Support service recharges	73,835	25,260	18,815	4,766	787	123,463
Total operating expenses	430,324	262,973	186,321	29,262	28,988	937,868
Directorate Provisional Outturn	112,258	209,646	90,189	7,076	0	419,169

Reconciliation to Cost of Services in Comprehensive Income and Expenditure Statement

2015/16	£'000
Directorate Provisional Outturn	419,169
Add services not included in main analysis	1,669
Add amounts not reported in provisional outturn	104,363
Remove amounts reported in the provisional outturn not included in the Comprehensive Income and Expenditure Statement	-43,766
Cost of Services in the Comprehensive Income and Expenditure Statement	481,435

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16	Directorate Analysis	Services not in analysis	Not reported in provisional outturn	Not included in Cost of Services	Allocation of recharges	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-172,176	-96	-1,572	1,816	107,667	-64,361	-594	-64,955
Proceeds from the disposal of non-current assets						0	-2,115	-2,115
Interest and investment income						0	-3,417	-3,417
Income from council tax						0	-295,737	-295,737
Government grants and contributions	-346,523	0	15,002	862	0	-330,659	-250,917	-581,576
Total Income	-518,699	-96	13,430	2,678	107,667	-395,020	-552,780	-947,800
Employee expenses	356,456	822	35,956	-44,311	-7,440	341,483	6,853	348,336
Other service expenses	457,949	943	33,187	-2,133	24,777	514,723	-5,252	509,471
Support Service recharges	123,463	0	1,541	0	-125,004	0	0	0
Depreciation, amortisation, impairments and revaluations			20,249			20,249	-359	19,890
Net interest expense on the pension defined liability						0	25,685	25,685
Interest payable and similar charges						0	21,187	21,187
Costs from the disposal of non-current assets						0	102,475	102,475
Total operating expenses	937,868	1,765	90,933	-46,444	-107,667	876,455	150,589	1,027,044
Surplus or deficit on the provision of services	419,169	1,669	104,363	-43,766	0	481,435	-402,191	79,244

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative figures for 2014/15 for the directorate analysis and reconciliations are set out below.

2014/15	Children, Education & Families	Social & Community Services	Environment & Economy	Chief Executive's Office	Public Health	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-29,463	-146,585	-95,971	-17,296	-241	-289,556
Government grants and contributions	-312,043	-19,255	-13,718	-2,495	-26,248	-373,759
Total Income	-341,506	-165,840	-109,689	-19,791	-26,489	-663,315
Employee expenses	252,202	56,521	48,666	22,807	1,584	381,780
Other operating expenses	181,800	207,362	131,188	10,285	24,262	554,897
Support service recharges	14,806	116,296	11,644	7,238	643	150,627
Total operating expenses	448,808	380,179	191,498	40,330	26,489	1,087,304
Directorate Provisional Outturn	107,302	214,339	81,809	20,539	0	423,989

Reconciliation to Cost of Services in Comprehensive Income and Expenditure Statement

2014/15	£'000
Directorate Provisional Outturn	423,989
Add services not included in main analysis	945
Add amounts not reported in provisional outturn	85,983
Remove amounts reported in the provisional outturn not included in the Comprehensive Income and Expenditure Statement	-41,919
Cost of Services in the Comprehensive Income and Expenditure Statement	468,998

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation to Subjective Analysis

2014/15	Directorate Analysis	Services not in analysis	Not reported in provisional outturn	Not included in Cost of Services	Allocation of recharges	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-289,556	-35	-825	4,152	220,124	-66,140	-3,898	-70,038
Proceeds from the disposal of non-current assets						0	-1,865	-1,865
Interest and investment income						0	-2,730	-2,730
Income from council tax						0	-284,813	-284,813
Government grants and contributions	-373,759		-309	2,999	14,840	-356,229	-248,735	-604,964
Total Income	-663,315	-35	-1,134	7,151	234,964	-422,369	-542,041	-964,410
Employee expenses	381,780	829	32,930	-41,132	-1,249	373,158	3,304	376,462
Other service expenses	554,897	151	22,618	-7,938	-82,264	487,464	3,039	490,503
Support Service recharges	150,627		824		-151,451	0		0
Depreciation, amortisation, impairments and revaluations			30,744			30,744	-508	30,236
Pension interest costs and expected return on assets						0	27,810	27,810
Interest payable and similar charges						0	20,801	20,801
Costs from the disposal of non-current assets						0	110,814	110,814
Total operating expenses	1,087,304	980	87,116	-49,070	-234,964	891,366	165,260	1,056,626
Surplus or deficit on the provision of services	423,989	945	85,982	-41,919	0	468,997	-376,781	92,216

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Service Expenditure Analysis

The net Cost of Services within the Comprehensive Income and Expenditure Statement is presented using the service expenditure analysis set out in the Service Reporting Code of Practice (SeRCOP). In 2015/16 £19m of Adult Social Care spend was met directly by Oxfordshire Clinical Commissioning Group under the Better Care Fund arrangement. In July 2015 adult learning services (£0.9m net cost for 2015/16 (£1.5m in 2014/15) within Other Education and Community Budget) transferred from the County Council to Abingdon & Witney College.

Service	Division of Service	2014/15 £'000	2015/16 £'000
Children's and Education Services	Early Years	1,612	2,074
	Primary schools	12,214	25,340
	Secondary schools	21,715	12,772
	Special schools	1,449	12,554
	Post-16 provision	143	1
	Other Education and Community Budget	34,712	14,295
	Sure Start Children's Centres/Flying Start And Early Years	8,727	8,120
	Safeguarding Children and Young People's Services	2,984	24,823
	Services For Young People	8,286	8,525
	Children Looked After	30,128	25,726
	Family Support Services	13,548	8,691
	Youth Justice	470	1,312
	Asylum Seekers	1,242	1,034
	Other Children's & Family Services	63	0
	Supporting People Services	1,908	2,620
		Total Children's and Education Services	139,201
Adult Social Care	Physical Support Adults (18 - 64)	15,544	12,533
	Physical Support Older People (65+)	42,047	41,304
	Sensory Support Adults (16 - 64)	220	217
	Sensory Support Older People (65+)	1,012	681
	Support With Memory And Cognition Adults (16 - 64)	213	104
	Support With Memory And Cognition Older People (65+)	2,136	2,985
	Learning Disabilities Support Adults (16 - 64)	58,183	61,650
	Learning Disabilities Support Older People (65+)	6,796	6,058
	Mental Health Support Adults (16 - 64)	5,902	9,416
	Mental Health Support Older People (65+)	2,161	2,528
	Social Support: Substance Misuse Support	273	184
	Social Support: Asylum Seeker Support	28	23
	Social Support: Support To Carers	1,863	896
	Social Support: Social Isolation	2,567	2,315
	Assistive Equipment And Technology	5,169	5,319
	Social Care Activities	17,261	16,481
	Information And Early Intervention	2,581	3,212
	Commissioning And Service Delivery	20,304	15,430
Supporting People	5,819	3,805	
	Total Adult Social Care	190,079	185,141

NOTES TO THE CORE FINANCIAL STATEMENTS

Service	Division of Service	2014/15 £'000	2015/16 £'000
Highways & Transport Services	Transport Planning, Policy and Strategy	8,453	8,101
	Structural Maintenance	16,016	5,974
	Environment, Safety and Routine Maintenance	18,235	25,037
	Street Lighting (including energy costs)	4,593	4,952
	Winter Service	1,888	1,664
	Traffic management and Road safety	2,427	527
	On Street Parking Service	-1,887	-2,131
	Off Street Parking Service	921	-61
	Public Transport	12,292	13,562
		<u>Total Highways & Transport Services</u>	62,938
Environmental & Regulatory Services	Regulatory Services	2,138	1,619
	Flood Defence and Land Drainage	528	534
	Waste Disposal	17,780	17,938
	Trade Waste	-18	-2
	Recycling	5,407	8,618
	Waste Minimisation	136	127
		<u>Total Environmental & Regulatory Services</u>	25,971
Fire and Rescue Services	Fire-fighting and Rescue Operations	29,113	26,924
	Safer Communities	189	96
		<u>Total Fire and Rescue Services</u>	29,302
Cultural & Related Services	Culture & Heritage	2,971	2,677
	Open Spaces	2,081	1,789
	Recreation & Sport	110	0
	Library Service	12,442	9,932
		<u>Total Cultural & Related Services</u>	17,604
Planning Services	Planning Policy	768	15
	Development Control	1,413	1,239
	Economic Development	858	10,889
	Economic Research	67	0
	Business Support	536	717
	Environmental Initiatives	297	32
	Community Development	0	7,006
		<u>Total Planning Services</u>	3,939
Public Health	Sexual Health	-403	-23
	NHS Health Check Programme	-55	0
	Health Protection	-19	0
	National Child Measurement Programme	1	0
	Public Health Advice	-72	0
	Obesity	-96	0
	Physical Activity	-27	0
	Substance Misuse	-593	0
	Smoking and Tobacco	-25	0
	Children 15-19 Public Health Programmes	-261	0
	Children 0-5 Public Health Programmes		0
	Miscellaneous Public Health Services	-395	-3
		<u>Total Public Health</u>	-1,945

NOTES TO THE CORE FINANCIAL STATEMENTS

Service	Division of Service	2014/15 £'000	2015/16 £'000
Central Services to the Public	Registration Services	652	386
	Emergency Planning	427	281
	Coroners Court Services	926	1,007
	Local Welfare Assistance Schemes	21	0
	Elections	7	11
	General Grants	536	332
	<u>Total Central Services to the Public</u>	2,569	2,017
Other Corporate Services (Incl Strategic Measures)	Democratic Representation & Management	3,421	1,940
	Corporate Management	2,088	3,120
	Non Distributed Costs	-6,169	-6,419
	<u>Total Other Corporate Services</u>	-660	-1,359
	Total Net Cost of Services	468,998	481,435

NOTES TO THE CORE FINANCIAL STATEMENTS

7. Dedicated Schools Grant (DSG)

The County Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the County Council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2013. The School Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2015/16 (with comparative figures for 2014/15) are as follows:

2014/15				2015/16		
Central Expenditure	ISB	Total		Central Expenditure	ISB	Total
£'000	£'000	£'000		£'000	£'000	£'000
		416,212	Final DSG before academy recoupment			430,187
		-149,458	Less academy figure recouped for the year			-183,545
		266,754	Total DSG after academy recoupment			246,642
		11,895	Brought forward from previous year			11,135
		-5,089	Less carry forward to next year agreed in advance			-3,026
87,467	186,093	273,560	Agreed initial budgeted distribution	86,445	168,306	254,751
		0	In year adjustments			0
87,467	186,093	273,560	Final budget distribution	86,445	168,306	254,751
-81,421		-81,421	Less actual central expenditure	-80,701		-80,701
	-186,093	-186,093	Less actual ISB deployed to schools		-168,306	-168,306
		0	County Council contribution			0
6,046	0	11,135	Carry forward to next year	5,744	0	8,770

8. Youth Offending Service

The Youth Offending Service was set up under the Crime and Disorder Act 1998. It is a multi-agency service comprising the County Council, Thames Valley Police & Crime Commissioner, National Probation Service, the Oxfordshire Clinical Commissioning Group, Huntercombe Young Offenders Institute and the Youth Justice Board. The service operates a pooled budget and in 2015/16 the gross income and expenditure were £1.420m and £1.460m respectively (2014/15 £1.589m and £1.390m). The County Council's contribution to the pooled budget was £0.463m (£0.490m in 2014/15).

9. Partnership schemes under section 75 of the National Health Service Act 2006

The County Council is party to a number of pooled budget arrangements for adult social care and health services. Details of the arrangements in place for 2015/16 are provided in the table below, together with comparative data for 2014/15.

2015/16	Purpose	Lead	Gross income £000	Gross Expenditure £000	Authority's Contribution £000
<u>Pooled budgets with Oxfordshire Clinical Commissioning Group (OCCG)</u>					
Older People & Equipment	Commissioning service provision for residential, nursing and continuing care for older people, and equipment	County Council	190,436	190,436	72,225
Physical Disabilities	Commissioning service provision for home, residential, nursing and continuing care for people with physical disabilities	County Council	20,216	20,216	12,552
Learning Disabilities	Commissioning both care and support and residential/supported living placements for people with learning disabilities	County Council	81,734	81,734	68,910
Mental Health Commissioning	Commissioning mental health services	OCCG	11,110	11,110	2,414
<u>Pooled budget with Oxford Health NHS Foundation Trust (OHFT)</u>					
Mental Health Provider	Providing mental health services	OHFT	53,901	54,244	9,574
Total			357,397	357,740	165,675

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15	Purpose	Lead	Gross income £000	Gross Expenditure £000	Authority's Contribution £000
<u>Pooled budgets with Oxfordshire Clinical Commissioning Group (OCCG)</u> Older People & Equipment	Commissioning service provision for residential, nursing and continuing care for older people, and equipment	County Council	182,095	182,095	92,449
Physical Disabilities	Commissioning service provision for home, residential, nursing and continuing care for people with physical disabilities	County Council	19,373	19,373	11,972
Learning Disabilities	Commissioning both care and support and residential/supported living placements for people with learning disabilities	County Council	85,253	85,253	72,347
Mental Health Commissioning	Commissioning mental health services	OCCG	49,016	49,162	9,436
<u>Pooled budget with Oxford Health NHS Foundation Trust (OHFT)</u> Mental Health Provider	Providing mental health services	OHFT	10,737	10,737	2,390
Total			346,474	346,620	188,594

10. Agency Services

Agency services provided by another authority on behalf of the County Council

The District Councils perform certain highway-related duties on an agency basis on behalf of the County Council. These are:

- (i) All District Councils

Verge maintenance – within town boundaries.
 Charged to the Surplus or Deficit on the Provision of Services: £0.153m (£0.237m in 2014/15)
- (ii) Oxford City Council only

Highways Act 1980 Section 42.
 All maintenance work undertaken by the City Council on all highways not deemed to be classified numbered or non-classified un-numbered designated routes. Charged to the Surplus or Deficit on the Provision of Services: £0.347m (£0.852m in 2014/15)
 Charged to capital : £1.095m (£0.835m in 2014/15)

Agency services provided by the County Council on behalf of another authority

In 2015/16 the County Council operated ICT services on an agency basis on behalf of Oxford City Council. There were two parts to the agency agreement with Oxford City Council - provision of services and replacement of equipment and ICT infrastructure. The revenue expenditure for 2015/16 was £1.019m (£1.128m for 2014/15). This was matched by income for 2015/16 of £1.019m (£1.128m for 2014/15). As in 2014/15, there was no capital expenditure under the agreement in 2015/16.

11. Members' Allowances

Allowances & expenses	2014/15 £'000	2015/16 £'000
Allowances	726	853
Travel & Subsistence	40	34
Total	766	887

Basic and special responsibility allowances were increased with effect from 1 April 2015 following agreement at the Council meeting on 9 December 2014 following a full review by the Independent Remuneration Panel.

12. Audit and Inspection Fee

The County Council's external auditors are Ernst & Young. The following fees were incurred relating to external audit and grant certification work.

	2014/15 £'000	2015/16 £'000
Code of Practice Work	146	110
Code of Practice Work - prior year rebates	-15	0
Statutory Inspection	0	0
Certification of Grant Claims and Returns	7	0
Other Related Costs	40	15
Total	178	125

There was no statutory inspection work in 2014/15 or 2015/16.

13. Senior Officers' Remuneration

The Accounts and Audit Regulations 2015 require disclosure of remuneration for senior staff. Remuneration for these purposes includes all sums paid to or receivable by an employee including expense allowances chargeable to tax and non-taxable termination payments including enhancement, redundancy and pay in lieu of notice.

Two sets of disclosures are required. Firstly, the number of employees whose total remuneration (excluding employer pension contributions) exceeded £50,000. Secondly, individual remuneration details (including employer pension contributions) for each senior employee, as defined by the regulations, whose salary is more than £50,000 per year (pro-rata for part-time staff). Senior employees whose salary is over £150,000 are disclosed by

NOTES TO THE CORE FINANCIAL STATEMENTS

name, the remaining senior employees are disclosed by post title.

The number of employees whose remuneration (excluding employer pension contributions) exceeded £50,000 is set out in the following table. In accordance with the 2015 regulations, the figures exclude senior employees whose remuneration is disclosed separately.

Band (£)	Number of Employees					
	School	Non-School	Total	School	Non-School	Total
	2014/15	2014/15	2014/15	2015/16	2015/16	2015/16
50,000-54,999	75	76	151	68	101	169
55,000-59,999	54	49	103	48	59	107
60,000-64,999	34	32	66	36	44	80
65,000-69,999	14	14	28	18	9	27
70,000-74,999	11	17	28	7	12	19
75,000-79,999	1	14	15	6	20	26
80,000-84,999	5	4	9	5	7	12
85,000-89,999	4	2	6	1	1	2
90,000-94,999	1	1	2	2	1	3
95,000-99,999	0	3	3	0	2	2
100,000-104,999	1	2	3	0	2	2
105,000-109,999	0	0	0	0	0	0
110,000-114,999	0	0	0	0	0	0
115,000-119,999	0	0	0	0	0	0
120,000-124,999	0	0	0	0	0	0
125,000-129,999	0	0	0	0	0	0

The change in the profile of number of employees within each band reflects salary increments and compensation for loss of office, early retirements, redundancies and part-year effects of staff joining or leaving the County Council within the year.

Remuneration details for senior employees as defined by the regulations are provided in the following tables. The category “bonuses” is excluded from the tables as these are not paid by the County Council.

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2015/16 Post Holder Information	Salary (Including Fees & Allowances)	Expense Allowances	Compensation for Loss of Employment	Other Emoluments	Total Remuneration Excluding Pension Contributions 2014/15	Employers Pension Contribution	Total Remuneration Including Pension Contributions 2015/16
	£	£	£	£	£	£	£
Chief Executive - Joanna Simons (to Sept 2015)	97,144		250,000		347,144	19,310	366,454
Head of Paid Service - Peter Clark (from Oct 2015)	75,600				75,600	15,044	90,644
Monitoring Officer and Head of Law & Governance (to Sept 2015)	60,600				60,600	12,059	72,659
Chief Finance Officer	116,664				116,664	23,114	139,778
Chief Human Resources Officer	121,200				121,200	24,119	145,319
Chief Legal Officer (from Oct 2015)	50,063				50,063	9,962	60,025
Head of Policy	84,588				84,588	16,789	101,377
Director for Children, Education & Families	146,978				146,978	29,107	176,085
Deputy Director Children's Social Care	100,546				100,546	19,925	120,471
Deputy Director for Corporate Parenting & Safeguarding (from Sept 2015)	52,544				52,544	10,456	63,000
Director for Environment & Economy	132,543				132,543	26,284	158,827
Deputy Director for Commercial & Delivery	100,787				100,787	19,925	120,712
Deputy Director for Strategy & Infrastructure Planning	101,297				101,297	19,925	121,222
Deputy Director for Oxfordshire Customer Services	100,125				100,125	19,925	120,050
Director for Adult Social Services*	136,334				136,334	27,130	163,464
Deputy Director - Joint Commissioning	93,868				93,868	18,675	112,543
Deputy Director for Adult Social Care	101,051				101,051	19,925	120,976
Chief Fire Officer	132,405				132,405	28,732	161,137
Deputy Chief Fire Officer	104,052			1,878	105,930	22,579	128,509
Director for Public Health - Jonathan McWilliam	179,973				179,973	21,820	201,793
Deputy Director for Public Health	103,680				103,680	14,783	118,463
Total	2,192,042	0	250,000	1,878	2,443,920	419,588	2,863,508

(*) Joint with Oxfordshire Clinical Commissioning Group (OCCG). Half of the salary and other employee costs shown in the table were paid by OCCG.

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15	Salary (Including Fees & Allowances)	Expense Allowances	Compensation for Loss of Employment	Other Emoluments	Total Remuneration Excluding Pension Contributions 2014/15	Employers Pension Contribution	Total Remuneration Including Pension Contributions 2014/15
Post Holder Information	£	£	£	£	£	£	£
Chief Executive - Joanna Simons	192,145				192,145	38,237	230,382
Chief Finance Officer	110,000				110,000	21,890	131,890
Monitoring Officer and Head of Law & Governance	115,046				115,046	22,894	137,940
Head of Human Resources	115,000				115,000	22,885	137,885
Head of Policy	70,110				70,110	13,952	84,062
Director for Children, Education & Families	144,821				144,821	28,819	173,640
Deputy Director Education & Early Intervention to September 2014	45,987				45,987	9,151	55,138
Deputy Director Children's Social Care	99,133				99,133	19,727	118,860
Director for Environment & Economy	130,770				130,770	26,023	156,793
Director for Environment & Economy to April 2014	6,469				6,469	289	6,758
Deputy Director for Commercial & Delivery	99,133				99,133	19,727	118,860
Deputy Director for Strategy & Infrastructure Planning from July 2014	72,017				72,017	14,331	86,348
Deputy Director - Oxfordshire Customer Services	99,133				99,133	19,727	118,860
Director for Social & Community Services (*)	134,984				134,984	26,862	161,846
Deputy Director Joint Commissioning from September 2014	52,387				52,387	10,425	62,812
Deputy Director Joint Commissioning to May 2014	15,723				15,723	3,129	18,852
Deputy Director for Adult Social Care from May 2014	83,375				83,375	16,592	99,967
Chief Fire Officer	131,020			633	131,653	27,907	159,560
Director of Public Health - Jonathan McWilliam	180,987				180,987	21,362	202,349
Deputy Director of Public Health	104,361				104,361	14,473	118,834
Total	2,002,601	0	0	633	2,003,234	378,402	2,381,636

(*) Joint with Oxfordshire Clinical Commissioning Group (OCCG). Half of the salary and other employee costs shown in the table were paid by OCCG from September 2014.

14. Exit Packages

The number of exit packages agreed in the year and the cost of those packages is given in the tables below. Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years and costs of early retirements without actuarial reduction in benefits, ex-gratia payments and other departure costs. Ill-health retirements are excluded because they do not meet the Code's definition of termination benefits.

The bandings in the tables include exit packages in the year they were individually agreed. The bandings are based on HR records for leavers in the year adjusted for accruals. Where there is a difference between the accrued amount and the actual payment in the following year this is shown as a reconciling adjustment at the foot of the table – in some instances the actual payment was higher than the accrued amount and in other instances the actual payment was lower. The bandings exclude exit packages provided for as part of redundancy provision in the year the provision was created – the individual exit packages charged against redundancy provisions are included in the bandings in the year of departure.

Band (£)	Exit packages 2015/16					
	Compulsory		Other		Total	
	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	112	625	20	136	132	761
20,000 - 39,999	16	451	6	178	22	629
40,000 - 59,999	9	423	0	0	9	423
60,000 - 79,999	3	202	0	0	3	202
80,000 - 99,999	1	87	0	0	1	87
100,000 - 149,999	1	119	0	0	1	119
150,000 - 199,999	1	152	0	0	1	152
200,000 - 249,999	0	0	0	0	0	0
250,000 - 299,999	0	0	1	250	1	250
Total	143	2,059	27	564	170	2,623
Add new provisions created						1,812
Less amounts provided for in previous year						-82
Add unused amount of previous year's provision						0
Adjust for differences between payments and accruals						-1,530
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						2,823

The £0.250m exit package shown in the above table relates to the former Chief Executive – see note 13.

NOTES TO THE CORE FINANCIAL STATEMENTS

Band (£)	Exit packages 2014/15					
	Compulsory		Other		Total	
	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	73	572	59	477	132	1,049
20,000 - 39,999	28	832	8	226	36	1,058
40,000 - 59,999	13	592	3	135	16	727
60,000 - 79,999	6	388	0	0	6	388
80,000 - 99,999	1	96	1	85	2	181
100,000 - 149,999	1	145	0	0	1	145
150,000 - 199,999	0	0	0	0	0	0
Total	122	2,625	71	923	193	3,548
Add new provisions created						82
Less amounts provided for in previous year						0
Add unused amount of previous year's provision						0
Adjust for differences between payments and accruals						-106
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						3,524

15. Operating Leases

From time to time, the County Council acquires assets under operating leases. The minimum lease payments and contingent rents charged, and sublease payments received for the year, together with future commitments and future sublease payments receivable are set out below, together with comparative figures for 2014/15.

	2014/15		2015/16	
	Plant, vehicles & equipment	Land and buildings	Plant, vehicles & equipment	Land and buildings
	£'000	£'000	£'000	£'000
Minimum lease payments charged in year	967	2,756	1,129	2,552
Contingent rents charged in year	458	111	392	160
Sublease payments received in year	0	-57	0	-86
Future minimum lease payments:				
Within 1 year	828	2,418	926	2,355
Within 2nd - 5th years	1,407	6,629	1,561	5,387
6th year and beyond	20	5,480	0	3,781
Total commitments	2,255	14,527	2,487	11,523
Total future sublease payments receivable	0	-137	0	-58

The County Council also leases out premises. The minimum lease payments and contingent rents receivable for the year, together with total future minimum lease payments receivable

NOTES TO THE CORE FINANCIAL STATEMENTS

are set out below, together with comparative figures for 2014/15. The County Council leases out property under operating leases for the provision of accommodation for services, such as Children's Centres, Homes for Older People, pre-schools and waste re-cycling centres.

	2014/15		2015/16	
	Plant, vehicles & equipment £'000	Land and buildings £'000	Plant, vehicles & equipment £'000	Land and buildings £'000
Minimum lease payments receivable in year	0	1,229	0	1,627
Contingent rents receivable in year	0	671	0	650
Future minimum lease payments receivable:				
Within 1 year	0	911	0	1,308
Within 2nd - 5th years	0	2,268	0	3,329
6th year and beyond	0	18,924	0	22,598
Total receivable	0	22,103	0	27,235

Contingent rents include backdated rent increases.

16. Other Operating Expenditure

Other Operating Expenditure comprises the gain or loss on the derecognition of non-current assets. The gain or loss is the amount by which the disposal proceeds (if any) are more (gain) or less (loss) than the amount which the non-current asset is held on the balance sheet together with the costs of disposal. In order to comply with statutory/proper practices, the entry is reversed in the Movement in Reserves Statement leaving the cost of disposals chargeable to revenue net of other receipts as a charge against the County Fund. Regulations permit disposal costs of up to 4% of the sale proceeds to be charged against the capital receipt.

	2014/15 £'000	2015/16 £'000
Capital receipts	-1,852	-2,010
Disposal costs charged against capital receipts	52	44
Net capital receipts	-1,800	-1,966
Other receipts	-65	-149
	-1,865	-2,115
Carrying value of non-current assets derecognised	110,788	102,384
Disposal costs charged to the County Fund	26	91
	110,814	102,475
Other Operating Expenditure	108,949	100,360
Adjustments between accounting basis and funding basis	-108,991	-100,418
Net charge to County Fund	-42	-58

17. Financing and Investment Income and Expenditure

A breakdown of the items within the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is as follows:

	2014/15 £'000	2015/16 £'000
Surplus/deficit on trading operations	612	215
Interest payable and similar charges	20,801	21,187
Interest receivable and similar income	-2,730	-3,417
Income and expenditure in relation to investment properties and changes in their fair value	-547	-406
Net pensions interest expense	27,810	25,685
Net fire-fighters Pension Fund Top-Up Grant	-2,564	-3,725
Total Financing and Investment Income & Expenditure	43,382	39,539

18. Trading Operations

The County Council operates trading accounts for a number of services within the authority. In 2014/15 central support services, property & facilities and the integrated transport unit were treated as trading accounts. With the exception of legal services, the costs of these services are now allocated to services with no discretionary element and therefore they are no longer treated as trading accounts. The Internal Learning Disabilities Day Services and the Shared Lives service operate as trading operations and these have been treated as trading accounts from 2015/16. Details of their financial performance during 2015/16 are as follows (expenditure includes accounting adjustments outlined in note 5). Central support services and property & facilities both had a nil surplus/deficit in 2014/15 and have been excluded from the table.

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15		2015/16		
Surplus (-) / Deficit (+) £'000	Trading Operation	Turnover £'000	Expenditure £'000	Surplus (-) / Deficit (+) £'000
612	Integrated Transport Unit Provision of transport for adult social care clients and home to school transport			
0	Legal Services Provision of legal support to services within the authority	4,050	3,976	-74
	Learning Disabilities Day Services (Internal) Provision of day services to learning disability clients	4,143	4,396	253
	Shared Lives Provision of services to supported adults and their carers	2,051	2,087	36
612	Total	10,244	10,459	215

19. Financial Instruments - Income, Expenses, Gains or Losses

Financial instruments include bank deposits, investments, debtors (excluding statutory debtors), long-term debtors (excluding lifecycle prepayments), creditors (excluding statutory creditors), borrowings, finance leases and the finance liability element of service concession arrangements. The Code requires financial instruments to be classified into defined categories of assets and liabilities. These are explained in the Summary of Significant Accounting Policies in Note 1.

The income, expenses, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2015/16				
	Financial Liabilities	Financial Assets			Total
	Liabilities at amortised cost	Loans and receivables	Available-for-sale assets	Assets at fair value through profit & loss	
£'000	£'000	£'000	£'000	£'000	
Interest expense	19,824				19,824
Reductions in fair value					0
Impairment losses		1,363			1,363
Fee expense		14	83		97
Total expense in Surplus or Deficit on the Provision of Services	19,824	1,377	83	0	21,284
Interest income		-2,296			-2,296
Interest income accrued on impaired financial assets					0
Increases in fair value					0
Gains on derecognition			-1,121		-1,121
Fee income					0
Total income in Surplus or Deficit on the Provision of Services	0	-2,296	-1,121	0	-3,417
Gains/losses on revaluation			-23		-23
Amounts recycled to the Surplus or Deficit on the Provision of Services			246		246
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure			223		223
Net gain(-)/loss for the year	19,824	-919	-815	0	18,090

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative figures for 2014/15 are as follows:

	2014/15				
	Financial Liabilities	Financial Assets			Total
	Liabilities at amortised cost	Loans and receivables	Available-for-sale assets	Assets at fair value through profit & loss	
£'000	£'000	£'000	£'000	£'000	
Interest expense	20,253				20,253
Reductions in fair value					0
Impairment losses		548			548
Fee expense					0
Total expense in Surplus or Deficit on the Provision of Services	20,253	548	0	0	20,801
Interest income		-2,729			-2,729
Gains on derecognition					0
Fee income			-1		-1
Total income in Surplus or Deficit on the Provision of Services	0	-2,729	-1	0	-2,730
Gains/losses on revaluation			-1,229		-1,229
Amounts recycled to the Surplus or Deficit on the Provision of Services			0		0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure			-1,229		-1,229
Net gain(-)/loss for the year	20,253	-2,181	-1,230	0	16,842

20. Retirement Benefits

As part of the terms and conditions of employment of its employees, the County Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the County Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The County Council participates in four pension schemes:

The Local Government Pension Scheme (LGPS)

This is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 (as amended) and provides benefits based on final salary and length of service on retirement (for benefits accrued up to 31 March 2014) and career average revalued salary (for benefits accrued from 1 April 2014).

The County Council is the Administering Authority for the Fund. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by teams within the County Council. Where appropriate some functions are delegated to the Fund's professional advisers. The accounts of the Oxfordshire Local Government Pension Fund are set out on pages 131 onwards.

As Administering Authority to the Fund, the County Council, after consultation with the Fund Actuary (Barnet Waddingham Public Sector Consulting) and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These are amended when appropriate based on the Fund's performance and funding.

The LGPS is a funded scheme, meaning that the County Council and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets. The County Council may also grant additional benefits to LGPS members on retirement under the Discretionary Payment Regulations which are not paid from the Fund – these are referred to as LGPS unfunded benefits below.

Employer contributions are set every 3 years as a result of the actuarial valuation of the Fund required by regulations. The latest actuarial valuation was at 31 March 2013 and set the contribution rates for the period 1 April 2014 to 31 March 2017. The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The total contributions expected to be made by the County Council to the Local Government Pension Scheme (LGPS) in 2016/17 are £28.469m for funded benefits (£29.681m in 2015/16). £1.450m of LGPS unfunded benefits are expected to be paid to beneficiaries in 2016/17 (£1.451m in 2015/16). For 2015/16 the estimated duration of the County Council's liabilities is 18 years for funded benefits and 10 years for unfunded benefits (18 years and 10 years respectively for 2014/15).

The County Council currently participates in the Oxfordshire County Council pool with 61 other employers with admissions agreements in order to share experience of risks they are exposed to in the Fund. At the 2013 valuation, the deficit on the whole pool was calculated and allocated to each employer in proportion to their liabilities. The next re-allocation will be carried out at the 2016 valuation, should the employer remain in the pool. Each employer

within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

On the County Council's withdrawal from the Fund, a cessation value would be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which would determine the termination contribution due by the County Council, on a set of assumptions deemed appropriate by the Fund Actuary.

Curtailment costs arise as a result of the payment of unreduced pensions on early retirement. The capitalised cost of the additional benefits relative to those reserved for under IAS19 is £1.650m for 2015/16 (£0.411m for 2014/15). As a result of some members of the Oxfordshire Pension Fund transferring to/from another employer over the year, liabilities have been settled at a cost different to the amount reserved for under IAS19. The capitalised gain of this settlement is £10.905m (£7.441m for 2014/15).

The fire-fighters Pension Schemes

There are five separate schemes relating to fire-fighters pensions – the 1992 scheme, the 2006 scheme, the 2015 scheme, the Retained Modified scheme and the fire-fighters compensation scheme for injury benefits and ill health retirements. Each of these are defined benefit statutory schemes administered in accordance with the Firefighters' Pension Scheme Regulations 2014 and Fire Pension Orders 1992 and 2006 and provide benefits based on final salary and length of service on retirement, other than the 2015 scheme which provides benefits accrued from 1 April 2015 based on career average revalued salaries.

The County Council is the Administering Authority for each of the schemes. The day to day administration is undertaken by teams within the County Council. Where appropriate some functions are delegated to the schemes' professional advisers.

The 1992, 2006, 2015 and the Retained Modified schemes are unfunded schemes, meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pension payments as they fall due. The County Council and employees pay contributions into a fund account and where these are not sufficient to meet pension payments for the year, the deficit is met by central government top-up grant. Any surplus in the pension fund in the year is paid back to central government. The Fire-fighters Pension Fund Accounts are set out at on pages 126 to 129. Employer contributions are set every four years as a result of the combined actuarial valuation of the fire-fighters' pension schemes required by the Department for Communities and Local Government on behalf of the Secretary of State. The last completed actuarial valuation was at 31 March 2012 and set contributions for the period from 1 April 2015 to 31 March 2019. The next actuarial valuation will be carried out as at 31 March 2016.

The fire-fighters' compensation scheme injury benefits and ill health retirements are paid on a pay as you go basis. There are no assets held to back the liabilities of the scheme.

For ease of presentation the figures for all the fire-fighters schemes have been combined within the tables in this note. Most of the firefighters defined benefits liabilities relate to the 2015 scheme.

The total of contributions (including government top-up grant) and injury/ill health retirement benefit payments expected to be made by the County Council in 2016/17 is £5.681m (£4.533m in 2015/16). The estimated duration of the County Council's combined liabilities for the fire-fighters' scheme for 2015/16 is 22 years (22 years for 2014/15).

There are no curtailments or settlements to report relating to the fire-fighters pension schemes.

The Teachers' Pension Scheme

This is a defined benefit scheme administered in accordance with the Teachers' Pensions Regulations 2014 and provides benefits based on final salary and length of service (for benefits accrued up to 31 March 2015) and career average revalued salary (for benefits accrued from 1 April 2015) . The Scheme is administered by Capita on behalf of the Department for Education.

The Scheme is an unfunded pension scheme, in which payments from the Scheme are funded by contributions from current employees and employers with the difference between these contributions and Scheme expenditure financed by the Exchequer.

The County Council contributes towards the costs of the scheme by making contributions based on a percentage of members' pensionable salaries as set by the Secretary of State for Education, taking advice from the Scheme's actuary. In 2015/16 the County Council paid £13.902m in employer contributions to the Teachers' Pension Scheme (2014/15 £14.373m) – the amount has reduced because of schools converting to academy trusts. This represents about 0.4% of the total contributions to the Teachers' Pension Scheme by all participating employers. The employer contribution rate for 2015/16 was 14.1% to August 2015 and rose to 16.48% in September 2015 (14.1% in 2014/15). As at 31 March 2015 there was £1.823m owed to the Teachers' Pension Scheme in respect of accrued pensions contributions (£1.931m in 2014/15). The total contributions expected to be made by the County Council to the Teachers' Pension Scheme in 2016/17 are £11.985m (£14.470m in 2015/16).

The Teachers' Pension Scheme is a defined benefit scheme, but because of the way the scheme is centrally managed the County Council is unable to identify its share of the underlying assets and liabilities of the scheme and it is therefore classified as a defined contribution scheme for accounting purposes. Charges are included in the Surplus or Deficit in the Provision of Services but there are no liabilities to disclose in the Balance Sheet with the exception of all pension payments relating to added years which the County Council has awarded to teachers under the Discretionary Payment Regulations. As the County Council is responsible for funding these added years payments on a pay as you go basis they are treated as a defined benefit scheme.

Expected payments to beneficiaries for teachers added years are £3.770m in 2016/17 (£3.791m in 2015/16). The estimated duration of the County Council's liabilities for teachers added years benefits for 2015/16 is 9 years (9 years for 2014/15).

There are no curtailments or settlements to report relating to teachers added years.

The NHS Pension Scheme

This is an unfunded occupational scheme backed by the Exchequer, which is open to all NHS employees and employees of other approved organisations and administered by the NHS Business Services Authority on behalf of the Department of Health. Public Health staff that transferred to the County Council in April 2013 are members of this scheme. The Scheme provides benefits based on final salary and length of service (for benefits accrued up to 31 March 2015) and career average revalued salary (for benefits accrued from 1 April 2015).

The Scheme receives contributions from employees and employers to defray the costs of pensions and other benefits. Any surplus of income from contributions over payments made is returned to HM Treasury. Any excess of payments over receipts is met from the Exchequer.

Contribution rates are set by the Secretary of State for Health, taking advice from the Scheme's actuary. In 2015/16 the County Council paid £0.099m to the NHS Pension Scheme (£0.108m in 2014/15). This represents about 0.002% of the total contributions to the NHS Pension Scheme by all participating employers. The employer contribution rate for 2015/16 was 14.3% (14.0% in 2014/15). As at 31 March 2016 there was £0.014m owed to the NHS Pension Scheme in respect of accrued pensions contributions (£0.019m at 31 March 2015). The total contributions expected to be made by the County Council to the NHS Pension Scheme in 2016/17 are £0.087m (£0.181m in 2015/16).

The NHS Pension Scheme is a defined benefit scheme, but because of the way the scheme is centrally managed the County Council is unable to identify its share of the underlying assets and liabilities of the scheme and it is therefore classified as a defined contribution scheme for accounting purposes.

The County Council is exposed to a number of risks from participating in the pension schemes accounted for as defined benefit schemes outlined above. Risks common to all of the schemes are:

- Interest rate risk – the liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. Given the volatile nature of market yields the yield on high quality corporate bonds could fall leading to an increase in the liabilities.
- Inflation risk – the benefits are linked to inflation and so increased costs may emerge if inflation is higher than expected.
- Longevity risk – in the event that the members live longer than assumed more benefits will be paid out than expected. There are also other demographic risks.

As a funded scheme, the LGPS gives exposure to other additional risks:

- Investment risk – The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk – The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of assets and liabilities may not move in the same way.
- Inflation risk – deficits may emerge to the extent that the assets are not linked to inflation.

In addition, as many unrelated employers participate in the Oxfordshire County Council Pension Fund, there is an 'orphan liability risk' where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the County Council, for example higher than expected investment returns or employers leaving the funds with excess assets which would eventually

NOTES TO THE CORE FINANCIAL STATEMENTS

get inherited by the remaining employers, market yields may rise or inflation be less than expected reducing the value of the liabilities and ongoing cost of benefit accrual.

The cost of retirement benefits arising from defined benefit schemes are recognised in the Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge the County Council is required to make against the County Fund Balance (and hence Council Tax) is based on cash payable in the year so the real cost of pension benefits is reversed out in the Movement in Reserves Statement. The following table sets out the transactions that have been made in the accounts:

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	Local Government Pension Scheme		Fire Fighters' Pension Schemes		Teacher's Added Years		Total	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement								
<u>Cost of Services</u>								
Current service cost	35,768	41,192	4,822	4,442	0	0	40,590	45,634
Past service costs	370	1,936	0	731	0	0	370	2,667
(Gain)/loss from settlements	-7,441	-10,905	0	0	0	0	-7,441	-10,905
Administration Expenses	836	545	0	0	0	0	836	545
	29,533	32,768	4,822	5,173	0	0	34,355	37,941
<u>Financing and Investment Income & Expenditure</u>								
Net Interest expense	18,355	17,690	7,440	6,835	2,015	1,160	27,810	25,685
Government Top-Up Grant/Surplus payable to Government	0	0	-2,564	-3,725	0	0	-2,564	-3,725
	47,888	50,458	9,698	8,283	2,015	1,160	59,601	59,901
<u>Surplus/Deficit on the Provision of Services</u>								
<u>Other Comprehensive Income and Expenditure</u>								
Return on plan assets	-60,302	29,849	0	0	0	0	-60,302	29,849
Actuarial gains (-) and losses (+) from demographic assumptions	0	0	0	0	0	0	0	0
Actuarial gains (-) and losses (+) from financial assumptions	163,808	-99,708	28,314	-17,131	3,810	-1,709	195,932	-118,548
Experience gains (-) and losses (+)	3,196	167	0	613	-5,409	424	-2,213	1,204
Other actuarial gains (-) and losses (+)	0	0	0	0	0	0	0	0
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	154,590	-19,234	38,012	-8,235	416	-125	193,018	-27,594
Movement in Reserves Statement								
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits in accordance with the Code	-15,841	-18,864	-7,443	-6,130	1,510	2,550	-21,774	-22,444
Actual amount charged against the County Fund Balance for pensions in the year	32,047	31,594	2,255	2,153	3,525	3,710	37,827	37,457

NOTES TO THE CORE FINANCIAL STATEMENTS

The net liabilities set out in the following table show the underlying long-term commitments that the County Council has to pay retirement benefits.

	2014/15 £'000	2015/16 £'000
Present value liabilities:		
Local Government Pension Scheme (funded benefits)	1,452,291	1,390,984
Local Government Pension Scheme (unfunded benefits)	21,095	19,604
Fire-fighters' Pension Schemes	203,271	192,883
Teachers' Added Years	52,500	48,665
Total present value liabilities	1,729,157	1,652,136
Fair value of assets in the Local Government Pension Scheme	907,154	895,184
Net liabilities in the scheme:		
Local Government Pension Scheme (funded)	545,137	495,800
Local Government Pension Scheme (unfunded)	21,095	19,604
Fire-fighters' Pension Schemes	203,271	192,883
Teachers' Added Years	52,500	48,665
Total Net Liabilities	822,003	756,952

The total net liability of £756.952m (2014/15 £822.003m) after taking into account pension scheme assets, has a substantial impact on the net worth of the County Council as recorded in the Balance Sheet, reducing it by 81% (2014/15 90%). However, the statutory arrangements for funding the deficit ensure that:

- The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary
- The rates of employee and employer contributions for the Fire-fighters' Pension Schemes will be reviewed regularly by actuaries acting on behalf of the government to ensure that they reflect the true cost of accruing pensions
- Finance is only required to be raised to cover teachers added years benefits and fire-fighters injury pensions and unfunded ill health retirements when they are actually paid

A reconciliation of the opening and closing balances of the present value of scheme liabilities is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

Liabilities	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years		Total	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance at 1 April	1,240,802	1,452,291	17,587	21,095	167,515	203,271	55,608	52,500	1,481,512	1,729,157
Current service cost	35,768	41,192	0	0	4,822	4,442	0	0	40,590	45,634
Interest expense	53,499	46,851	608	510	7,440	6,835	2,015	1,160	63,562	55,356
Contributions by scheme participants	9,868	9,449	0	0	1,393	1,623	0	0	11,261	11,072
Actuarial gains and losses - demographic assumptions	0	0	0	0	0	0	0	0	0	0
Actuarial gains and losses - financial assumptions	162,670	-98,966	1,138	-742	28,314	-17,131	3,810	-1,709	195,932	-118,548
Experience gains and losses	0	0	3,196	167	0	613	-5,409	424	-2,213	1,204
Other actuarial gains and losses	0	0	0	0	0	0	0	0	0	0
Benefits paid	-38,245	-40,274	-1,434	-1,426	-3,649	-3,776	-3,524	-3,710	-46,852	-49,186
Past service costs	370	1,936	0	0	0	731	0	0	370	2,667
(Gain)/loss from settlements	-12,441	-21,495	0	0	0	0	0	0	-12,441	-21,495
Fire-fighters pension scheme top-up grant	0	0	0	0	-2,564	-3,725	0	0	-2,564	-3,725
Closing balance at 31 March	1,452,291	1,390,984	21,095	19,604	203,271	192,883	52,500	48,665	1,729,157	1,652,136

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Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The schemes have been assessed by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries using estimates based on the latest full valuation of the scheme at 31 March 2013

NOTES TO THE CORE FINANCIAL STATEMENTS

The Fire-fighters' Pension Schemes and Teachers Added Years have no assets to cover liabilities. Assets in the Local Government Pension Scheme are valued at fair value, principally market value of investments. A reconciliation of the fair value of assets in the Local Government Pension Scheme is as follows:

Assets	2014/15 £'000	2015/16 £'000
Opening balance at 1 April	814,700	907,154
Interest income	35,752	29,671
Return on plan assets	60,302	-29,849
Other actuarial gains and losses	0	0
Administration expenses	-836	-545
Employer contributions	30,613	30,168
Contributions by scheme participants	9,868	9,449
Benefits paid	-38,245	-40,274
Settlements received/(paid)	-5,000	-10,590
Closing balance at 31 March	907,154	895,184

The assets in the Local Government Pension Scheme consist of the following categories:

Assets	At 31 March 2015			At 31 March 2016		
	£'000	£'000	%	£'000	£'000	%
<u>Equities</u>						
UK investments - quoted	300,446		33%	164,729		18%
UK investments - unquoted				128,918		14%
Overseas investments - quoted	312,709		34%	94,898		11%
Overseas investments - unquoted				184,426		21%
		613,155			572,971	
<u>Gilts (quoted)</u>						
UK fixed interest government securities	88,682		10%	48,199		5%
Overseas fixed interest govt securities	19,467		2%	24,099		3%
UK index-linked government securities	0		0%	46,413		5%
		108,149			118,711	
<u>Other bonds (quoted)</u>						
UK corporate bonds	27,001		3%	27,904		3%
Overseas corporate bonds	6,333		1%	3,600		1%
		33,334			31,504	
<u>Other quoted assets</u>						
Cash		24,733	3%		26,787	3%
<u>Other unquoted assets</u>						
Property		56,058	6%		71,160	8%
Limited Liability Partnerships		30,652	3%		35,289	4%
Hedge Funds		258	0%		0	0%
Diversified Growth Fund		42,093	5%		39,299	4%
Total		908,432	100%		895,721	100%

NOTES TO THE CORE FINANCIAL STATEMENTS

The main assumptions used in the retirement benefit calculations are as follows:

	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Longevity assumptions: Base Table*	S1PA with a 95% multiplier		S1PA with a 95% multiplier		S1PA Heavy with allowance for medium cohort projection		S1PA with a 95% multiplier	
Men:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.00%	1.00%	1.50%	1.50%
Longevity from 65 (currently aged 65) (yrs)	23.3	23.3	23.3	23.3	19.4	19.5	23.3	23.3
Longevity from 65 (currently aged 45) (yrs)	25.5	25.6	25.5	25.6	21.3	23.5	25.5	25.6
Women:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.00%	1.00%	1.50%	1.50%
Longevity from 65 (currently aged 65) (yrs)	25.7	25.8	25.7	25.8	23.4	21.4	25.7	25.8
Longevity from 65 (currently aged 45) (yrs)	28.0	28.1	28.0	28.1	25.2	25.3	28.0	28.1
Financial Assumptions:								
Retail Price Index (RPI) increases	3.2%	3.2%	2.7%	2.6%	3.3%	3.4%	2.7%	2.5%
Consumer Price Index (CPI) increases	2.4%	2.3%	1.9%	1.7%	2.5%	2.5%	1.9%	1.6%
Rate of increase in salaries	4.2%	4.1%	n/a	n/a	4.7%	4.7%	n/a	n/a
Rate of increase in pensions and deferred pensions	2.4%	2.3%	1.9%	1.7%	2.5%	2.5%	1.9%	1.6%
Rate for discounting scheme liabilities	3.3%	3.6%	2.5%	2.7%	3.4%	3.8%	2.4%	2.5%

*Explanations of abbreviations are given in the glossary

In addition the following assumptions have been made for the Local Government Pension Scheme:

- Members will exchange half of their commutable pension for cash at retirement.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

For the Fire-fighters Scheme:

- Members will exchange half of their commutable pension for cash at retirement
- Active members will retire one year later than they are first able to do so without reduction.

The effect of an increase or decrease in the assumptions used to calculate the pension liability is set out below.

Sensitivity Analysis	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
0.1% adjustment to discount rate:								
Change in Present Value of Scheme Liabilities	-23,491	23,917	-182	184	-4,044	4,133	-410	414
Change in Projected Service Cost	-795	814	-	-	-133	138	-	-
0.1% adjustment to pension increase:								
Change in Present Value of Scheme Liabilities	22,260	-21,877	186	-184	2,545	-2,545	417	-414
Change in Projected Service Cost	806	-788	-	-	92	-88	-	-
0.1% adjustment to long term salary increase:								
Change in Present Value of Scheme Liabilities	1,940	-1,932	0	0	1,637	-1,602	0	0
Change in Projected Service Cost	18	-18	-	-	48	-47	-	-
1 year adjustment to mortality age rating assumption:								
Change in Present Value of Scheme Liabilities	42,176	-40,896	720	-694	6,071	-5,881	1,701	-1,641
Change in Projected Service Cost	945	-921	-	-	-	-	-	-

The movements on the Pension Reserve are set out in the following table:

	2014/15	2015/16
	£'000	£'000
Balance as at 1 April	-666,812	-822,003
Net charge made for retirement benefits in accordance with IAS19	-21,774	-22,444
Remeasurements of the net defined liability	-133,417	87,495
Balance as at 31 March	-822,003	-756,952

21. Taxation and Non-Specific Grant Income

A breakdown of the items in the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement is as follows:

	2014/15	2015/16
	£'000	£'000
Council Tax income	284,813	295,737
Non-domestic rates	26,802	28,866
Non-ringfenced government grants	133,818	119,629
Capital grants and contributions	83,680	97,858
Total Taxation and Non-Specific Grant Income	529,113	542,090

The Business Rates Retention Scheme was introduced in April 2013. The County Council receives a 10% share of the business rates collected by the Oxfordshire district councils, rather than a share of the nationally pooled non-domestic rates.

22. Grant Income

The County Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

Credited to Taxation and Non Specific Grant Income:

	2014/15 £'000	2015/16 £'000
Revenue Support Grant	80,623	62,305
Business Rates Top-Up Grant	36,390	37,085
Education Services Grant	7,028	5,302
New Homes Bonus	2,387	3,379
Care Act New Burdens Grant		3,368
Independent Living Fund Grant		3,004
Section 31 Grant - Business Rates and Other Reliefs	1,551	1,864
Troubled Families Grant	1,126	0
Other revenue grants	4,713	3,322
Capital grants	74,023	66,422
Developer contributions	9,360	29,313
Other capital contributions	297	1,599
Donated assets	0	524
Total	217,498	217,487

Credited to Services:

	2014/15 £'000	2015/16 £'000
Dedicated Schools Grant	266,754	246,642
Public Health Grant	26,086	28,536
Pupil Premium Grant	11,350	9,818
Universal Infant Free School Meals	4,052	5,071
Sixth Form Funding	5,124	3,422
Adult Learning	3,165	2,286
PE & Sports Grant	1,721	1,659
Local Sustainable Transport Fund Resource Grant	784	1,035
Asylum Seekers	1,053	1,481
Regional Growth Fund (Local Enterprise Partnership)	1,553	851
Other grants	10,699	5,882
Total	332,341	306,683

23. Related Party Transactions

The County Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the County Council or to be controlled or influenced by the County Council. Disclosure of these transactions allows the reader of the accounts to assess the extent to which the County Council might have been constrained in its ability to operate independently or might have limited another party's ability to pursue its interests independently.

NOTES TO THE CORE FINANCIAL STATEMENTS

Central government is responsible for the statutory framework within which all local authorities operate and provides the majority of the County Council's funding in the form of general and specific grants. Note 57 on Cash Flow Statement – Operating Activities summarises the main transactions with central government and details of revenue government grant receipts are provided in Note 60.

Members of the County Council have direct control over the County Council's financial and operating policies. The Chief Executive and directors who are members of the County Council Management Team, deputy directors and other second tier officers may have some influence on the direction of these policies. Wherever applicable, transactions have been made following proper consideration of declarations of interest. One councillor is a trustee of the charity running Vale House dementia care home which received payment of £1.245m from the County Council in 2015/16. The councillor receives no remuneration for the trusteeship had no involvement in the award of the contract. There are no other related party transactions to disclose between the County Council and members, directors, deputy directors or other second tier officers.

The County Council administers the Oxfordshire Pension Fund and this is a related party. During the year ended 31 March 2016, the County Council made employer contributions totalling £30.260m to the Fund (£30.817m in 2014/15). The County Council charged the Fund £1.018m (£1.042m in 2014/15) for expenses incurred in administering the Fund. As at 31 March 2016 £3.168m was due to the Pension Fund and £0.069m by the Pension Fund (£3.282m and £0.066m respectively as at 31 March 2015).

A number of members of the County Council are also members of district councils within the county and these are considered to be related parties. Details for the financial year 2015/16 are as follows:

<u>Oxford City</u>	<u>South Oxfordshire</u>	<u>West Oxfordshire</u>
Jean Fooks	Kevin Bulmer	Louise Chapman
Mark Lygo	Steve Harrod	Pete Handley
Susanna Pressel	David Nimmo Smith	James F. Mills
Gill Sanders		Neil Owen
John Tanner		

<u>Cherwell</u>	<u>Vale of White Horse</u>
Maurice Billington	Yvonne Constance OBE
Mark Cherry	Jenny Hannaby
Surinder Dhesi	Bob Johnston
Timothy Hallchurch MBE	Sandy Lovatt
Kieron Mallon	
George Reynolds	
Les Sibley	
Lawrie Stratford	

Councillor Keiron Mallon is a representative on the Thames Valley Police and Crime Panel. This is considered to be a related party.

A summary of transactions with the district councils is given below, split between those transactions with Collection Funds (non-domestic rates payments and receipts and precepts received for the County Council's share of Council Tax receipts) and other

NOTES TO THE CORE FINANCIAL STATEMENTS

transactions. Other transactions include payments for waste recycling and joint use sports facilities.

2015/16	Collection Fund Transactions			Other Transactions	
	Rates £'000	Rates Receipts £'000	Precepts £'000	Payments £'000	Receipts £'000
District Council					
Cherwell	1,113	-8,488	-60,834	1,269	641
Oxford City	1,476	-8,502	-53,993	2,218	-1,383
South Oxfordshire	982	-4,187	-68,939	1,198	-407
Vale of White Horse	755	-4,981	-60,312	1,332	-260
West Oxfordshire	859	-3,369	-51,647	1,281	-63
Total	5,185	-29,527	-295,725	7,298	-1,472

2014/15	Collection Fund Transactions			Other Transactions	
	Rates £'000	Rates Receipts £'000	Precepts £'000	Payments £'000	Receipts £'000
District Council					
Cherwell	1,594	-7,506	-58,878	2,561	-358
Oxford City	1,640	-8,263	-51,349	3,727	-1,164
South Oxfordshire	1,049	-4,254	-66,696	1,762	-210
Vale of White Horse	1,051	-5,163	-57,943	1,769	-7
West Oxfordshire	1,060	-3,403	-49,795	1,450	-365
Total	6,394	-28,589	-284,661	11,269	-2,104

No other related parties not mentioned elsewhere in the accounts have been identified.

NOTES TO THE CORE FINANCIAL STATEMENTS

24. Movement of Property, Plant and Equipment

2015/16	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Cost or valuation as at 1 April	620,856	114,850	479,908	2,704	31,574	1,249,892	17,570
Additions	10,052	1,204	27,351		39,229	77,836	446
Donations	217	307				524	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	55,899			1,450		57,349	282
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	10,091			-53		10,038	62
Depreciation - disposals	-849	-1,872		-821		-3,542	
Depreciation - other	-82,394	-20,007				-102,401	-446
Assets reclassified to / from Held for Sale	-1,181			79		-1,102	
Assets reclassified to / from Investment Properties	451					451	
Transfers	-26,544	29,354	4,876	50	-7,736		
Other movements in cost or valuation					-157	-157	
Cost or Valuation as at 31 March	586,598	123,836	512,135	3,409	62,910	1,288,888	17,914
Depreciation and Impairment as at 1 April	-1,728	-23,904	-122,507			-148,139	-219
Depreciation charge	-8,288	-7,916	-14,624	-53		-30,881	-230
Depreciation and impairment written out to the Revaluation Reserve	14,507			3		14,510	
Depreciation and impairment written out to the Surplus/Deficit on Provision of Services	1,625			39		1,664	

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16 Continued	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Impairment losses/(reversals) recognised in the Revaluation Reserve	-1,289					-1,289	
Impairment losses/(reversals) recognised in the Surplus/Deficit on Provision of Services	-192					-192	
Derecognition - disposals		1,623		2		1,625	
Derecognition - other	530	1,404				1,934	
Assets reclassified to / from Held for Sale							
Assets reclassified to / from Investment Properties							
Transfers	-7,223	7,223					
Other movements in depreciation and impairment							
Depreciation and impairment as at 31 March	-2,058	-21,570	-137,131	-9		-160,768	-449
Net Book Value at 31 March 2015	619,128	90,946	357,401	2,704	31,574	1,101,753	17,351
Net Book Value at 31 March 2016	584,540	102,266	375,004	3,400	62,910	1,128,120	17,465

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Cost or valuation as at 1 April	696,263	116,698	445,453	4,642	12,585	1,275,641	17,520
Additions	14,812	1,576	31,893	204	25,073	73,558	769
Donations							
Revaluation increases/(decreases) recognised in the Revaluation Reserve	27,391			529		27,920	41
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	-3,143			5		-3,138	9
Depreciation - disposals		-1,096				-1,096	
Depreciation - other	-90,484	-29,781		-1,280		-121,545	-769
Assets reclassified to / from Held for Sale				-1,300		-1,300	
Assets reclassified to / from Investment Properties	-52			-96		-148	
Transfers	-23,931	27,453	2,562		-6,084		
Other movements in cost or valuation							
Cost or Valuation as at 31 March	620,856	114,850	479,908	2,704	31,574	1,249,892	17,570
Depreciation and impairment as at 1 April	-2,015	-30,882	-109,696	-1		-142,594	-1
Depreciation charge	-8,482	-6,885	-12,811	-47		-28,225	-219
Depreciation and impairment written out to the Revaluation Reserve	10,866			202		11,068	
Depreciation and impairment written out to the Surplus/Deficit on Provision of Services	4,240			50		4,290	

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15 Continued	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Impairment losses/(reversals) recognised in the Revaluation Reserve	-2,606			-122		-2,728	
Impairment losses/(reversals) recognised in the Surplus/Deficit on Provision of Services	-2,835	-453		-82		-3,370	
Derecognition - disposals		1,010				1,010	
Derecognition - other	1,319	11,091				12,410	1
Assets reclassified to / from Held for Sale							
Assets reclassified to / from Investment Properties							
Transfers	-2,215	2,215					
Other movements in depreciation and impairment							
Depreciation and impairment as at 31 March	-1,728	-23,904	-122,507			-148,139	-219
Net Book Value at 31 March 2014	694,248	85,816	335,757	4,641	12,585	1,133,047	17,519
Net Book Value at 31 March 2015	619,128	90,946	357,401	2,704	31,574	1,101,753	17,351

NOTES TO THE CORE FINANCIAL STATEMENTS

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

25. Investment Properties

	2014/15		2015/16	
	Non-Current	Current	Non-Current	Current
	£'000	£'000	£'000	£'000
Balance at 1 April	7,190	0	7,569	0
Derecognition	-277			
Net gains (+)/losses (-) from fair value adjustments	508		346	1
Assets reclassified to / from Investment Properties	148		-474	23
Balance at 31 March	7,569	0	7,441	24

None of the investment properties are held under operating leases. There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

Classification in the fair value hierarchy, together with additional information for property classified as level 3 within the hierarchy is provided in the table overleaf.

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

The office and commercial units located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The authority's office and commercial units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique used significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

NOTES TO THE CORE FINANCIAL STATEMENTS

	Fair Value Level	Fair Value at 31 March 2016 £'000	Additional information for level 3 properties			
			Valuation technique	Unobservable inputs	Range (weighted average used)	Sensitivity
Agricultural units	2	6,528				
Office units	3	326	Income approach using a discounted cash flow	Rent growth	2% - 4% (3%)	Significant changes in rent growth, vacancy levels or discount rate will result in a significantly lower of higher fair value
				Vacancy levels	2% - 4% (3%)	
				Discount rate	8% - 11% (10%)	
Commercial units	3	611		Rent growth	2% - 4% (3%)	
				Vacancy levels	2% - 4% (3%)	
				Discount rate	5% - 6% (5%)	
		7,465				

The fair value of level 3 investment properties has moved from £0.887m at the start of the year to £0.937m at 31 March 2016 due to £0.050m of fair value adjustments.

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

26. Movement in the value of Assets Held for Sale

2014/15 £'000		2015/16 £'000
76	Balance at 1 April	79
	Assets newly classified as held for sale:	
1,300	- Property, Plant and Equipment	1,181
3	Revaluation gains/(losses)	-632
	Impairment losses	
	Assets declassified as held for sale:	
	- Property, Plant and Equipment	-79
-1,300	Assets derecognised	0
	Additions	
79	Balance at 31 March	549

All of the assets held for sale are classified as current assets because they are expected to be realised within the next 12 months.

NOTES TO THE CORE FINANCIAL STATEMENTS

27. Movement in the value of Intangible Assets

The County Council did not capitalise any purchased software licenses in 2015/16 (nil in 2014/15). The movement in the carrying value of intangible assets for the year was as follows:

	2014/15 £'000	2015/16 £'000
Gross Carrying Value at 1 April	3,810	3,810
Additions		
Derecognition		-1,887
Gross Carrying Value at 31 March	3,810	1,923
Amortisation and Impairment at 1 April	-3,098	-3,392
Amortisation for the year	-294	-246
Impairment losses		
Derecognition		1,887
Amortisation and Impairment at 31 March	-3,392	-1,751
Net Book at 1 April	712	418
Net Book Value at 31 March	418	172

The service lines within which amortisations for the year are recognised are as follows:

Service line	2014/15 £'000	2015/16 £'000
Children's and Education Services	109	85
Adult Social Care	89	96
Highways and Transport Services	52	28
Fire and Rescue Services	10	9
Environmental and Regulatory Services	1	1
Public Health	1	4
Cultural and Related Services	22	8
Planning Services		
Central Services to the Public	7	2
Other Corporate Services	3	13
Total	294	246

28. Heritage Assets

Heritage assets are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. This category of assets excludes assets with heritage characteristics that are used by the County Council in the provision of services - these are accounted for as operational assets within Property, Plant and Equipment.

The main heritage assets held by the County Council comprise museum collections, history centre collections and archaeological sites.

Information is not available on the cost of the heritage assets held by the County Council, other than for a very small number of items, as the majority have been donated or acquired by excavation. The County Council considers that obtaining valuations for the museum and history centre collections would involve a disproportionate cost in comparison to the benefits to the users of the accounts and therefore does not recognise these assets on the Balance Sheet. The County Council does not consider that reliable valuation information can be obtained for the archaeological sites because of the diverse nature of the sites and lack of comparable market values, and therefore does not recognise these assets on the Balance Sheet.

Although current valuation information is not available to recognise the heritage assets on the Balance Sheet, contents insurance of £2.7m for the Museum Service and the Oxfordshire History Centre (based on historic valuations) provides an indication of the value of these items not recognised on the Balance Sheet.

29. Valuation of non-current assets

It is the policy of the County Council to revalue land, buildings and component assets within Property, Plant and Equipment on a five year rolling programme, as follows:

- Year 1: Secondary and special schools
- Year 2: Primary, nursery, junior and infant schools
- Year 3: Social care premises, libraries, museums and adult learning premises
- Year 4: Fire & Rescue Service and Community Safety premises, staff housing, central offices and highways depots
- Year 5: Other educational premises (including children's, youth and sports centres), surplus assets and other properties not re-valued within the past 5 years

In addition, material changes in asset valuations are adjusted for in the interim periods.

Investment properties valuations are reviewed annually. Assets held for sale are revalued at the point of reclassification to that category.

Property valuations are conducted by the County Council's appointed external property consultants Carillion Capita Symonds. Carillion Capita Symonds provide an annual valuation report and valuation certificate which give details of their opinion of the value of specific assets, basis of valuation, assumptions made and details of the rolling programme, additional and ad-hoc valuations. Valuations have been undertaken in accordance with the RICS Valuation Standards published by the Royal Institution of Chartered Surveyors. The basis of valuations is set out in Note 1.

As part of the rolling programme primary, nursery, junior and infant schools were revalued as at 1 April 2015. Surplus assets were also revalued as at 1 April 2015 to reflect the new basis of valuation at fair value.

30. Private Finance Initiative (PFI) and similar contracts - Homes for Older People

The County Council has one PFI type contract (service concession arrangement) with an external operator, The Oxfordshire Care Partnership, relating to the provision of residential care homes and care services. The Cabinet Member for Adult Social Care represents the Council's interests as a director of the Partnership.

Provision of residential care services was originally in 19 homes across Oxfordshire under a 25 year contract with The Oxfordshire Care Partnership which came into operation in 2001. The County Council had an average of 70% of the beds in these homes. Under this arrangement, nine of the homes are subject to long term leases and these assets had previously been excluded from the County Council's Balance Sheet. A further ten homes were transferred to the contractor but with short term leases as the homes did not meet required property standards, These have now all been reprovided through a redevelopment programme.

The operator has built nine new homes and four extra care housing schemes through the redevelopment programme, whilst eleven homes have been closed. Under the Code, the County Council is required to recognise homes that meet tests in respect of control of services and control of the residual interest in property on its Balance Sheet. All homes under the contract are included on the County Council's Balance Sheet, with exception of one home that does not meet the control tests specified in the Code. At the end of the contract, all properties currently on the Balance Sheet revert to County Council ownership.

The council's original 25 year agreement with Oxfordshire Care Partnership will end in 2026/27, however The Oxfordshire Care Partnership will continue to operate the homes until the end of 2031/32. There is no requirement for the County Council to purchase a set number or value of beds during the years 2027/28 to 2031/32 other than the obligation of both parties to maintain existing placements as at 31 March 2027. After 2026/27 all services will be purchased as spot contracts and numbers will vary, so there will be no further payments under this service concession arrangement.

The value of assets recognised under service concession arrangements at each Balance Sheet date and the movements in value during the year are provided as a memorandum to the movement in Property Plant and Equipment (Note 24).

The financial liabilities arising from the service concession arrangement and an analysis of movements in the year are set out below:

	2014/15	2015/16
	£'000	£'000
Balance at 1 April	27,181	26,442
Increase in liability in the year		
Liability repaid in the year	-739	-766
Balance at 31 March	26,442	25,676

The service concession arrangement forms part of the the finance liability recorded on the Balance Sheet, together with finance leases and a forward deal on investments. A reconciliation of the service concession liability to the total finance liability is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	Long-Term		Current	
	At 31 March 2015	At 31 March 2016	At 31 March 2015	At 31 March 2016
	£'000	£'000	£'000	£'000
Service Concession Arrangement	25,647	24,850	795	826
Finance Leases	31	14	20	17
Investments - Forward Deal				10,000
Total Finance Liability	25,678	24,864	815	10,843

Details of payments due to be made under the service concession arrangement are as follows, with comparative figures for 2014/15 following on.

2015/16	Service Costs	Principal Repayments	Interest Costs	Lifecycle Replacement Payments	Total
	£'000	£'000	£'000	£'000	£'000
Within 1 Year	15,070	826	1,984	791	18,671
2 -5 Years	62,795	3,989	7,248	3,495	77,527
6 - 10 Years	84,372	6,977	7,070	5,214	103,633
11 -15 Years	5,537	13,884	1,076	1,171	21,668
Total	167,774	25,676	17,378	10,671	221,499

2014/15	Service Costs	Principal Repayments	Interest Costs	Lifecycle Replacement Payments	Total
	£'000	£'000	£'000	£'000	£'000
Within 1 Year	13,498	795	2,014	702	17,009
2 -5 Years	58,999	3,834	7,403	3,102	73,338
6 - 10 Years	87,510	6,679	7,367	4,628	106,184
11 -15 Years	26,237	15,134	3,074	3,245	47,690
Total	186,244	26,442	19,858	11,677	244,221

31. Capital Spending 2015/16

The County Council's total capital spend for 2015/16 was £126.323m, which included £3.356m of structural repairs and maintenance of buildings, structural highways maintenance, purchase of vehicles/equipment/ICT and loans and £39.229m of work in progress as at 31 March 2016.

Details of the expenditure are set out in the table on the next page:

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Spending	£'000	£'000
Children, Education & Families		
Frank Wise - Post 16 provision	1,377	
Bardwell - Post 16 provision	1,152	
Woodeaton - Renew Roof	1,026	
Didcot, Great Western Park Primary No.1	4,317	
Bodicote, Longford Park School	3,117	
Bayards Hill School - replacement of buildings	1,260	
Bletchington - relocate school	682	
Wolvercote - 1.5 form entry	2,127	
Windmill - 3 form entry phase 2	1,648	
John Hampden 2 form entry	634	
Badgemore 0.5 to 1 from entry phase 2	750	
Hill View - 3 form entry	1,566	
Hanwell Fields - 2 form entry	1,072	
Charlton - 2 form entry phase 3	917	
South West Bicester Primary School	3,965	
Watchfield - 2 form entry	1,466	
Faringdon Junior - 3 form entry	1,547	
North West Bicester (Eco-Town) Primary No.1	2,588	
Didcot, Great Western Park Secondary	4,085	
Eynsham, Bartholomew Academy 1 form entry	1,958	
Cheney - Expansion by 1 form entry	1,705	
Didcot, University Technology College	1,500	
Thame - Assessment Centre	2,077	
Didcot - Move on Home	1,087	
Eynsham - Assessment Centre	704	
Witney - Move on Home	560	
Schemes under £500,000	8,599	
Total Children, Education & Families		53,486
Social & Community Services		
Better Care Fund - Disabled Facilities Grant	2,401	
Adult Social Care Management System	565	
Schemes under £500,000	1,055	
Total Social & Community Services		4,021
Environment & Economy Transport		
Frideswide Square	4,025	
Bicester Park & Ride	3,151	
Routine Surface Dressing	1,432	
Combined Safety Schemes	849	
Routine Pre Patching	918	
Carriageway Programme	2,876	
Footways Programme	670	
Structural Patching 15/16	1,949	
Heath Bridge	547	
A34 Chilton Interchange	3,118	
Hagbourne Hill	2,600	
Wolvercote Roundabout	2,453	

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Spending	£'000	£'000
Environment & Economy Transport (Continued)		
Cuttleslowe Roundabout	2,288	
Oxford The Plain Cycle Improvements	606	
Milton Interchange, Science Vale UK	6,712	
Oxford Park End St Maintenance & Improvements	815	
Edge Strengthening	686	
Street Lighting (Challenge Fund)	1,046	
Drainage (Challenge Fund)	954	
Schemes under £500,000	8,449	
Total Environment & Economy Transport		46,144
Environment & Economy Other		
Better Broadband Project	6,990	
Schemes under £500,000	1,027	
Total Environment & Economy Other		8,017
Corporate Services		
City Deal - Culham Advanced Manufacturing Hub	2,000	
Local Growth Fund - Centre for Technology, Innovation & Skills	2,202	
Local Growth Fund - Centre for Applied Superconductivity	684	
Local Growth Fund - Oxpens Development	3,520	
Growing Places Fund - Harwell Oxford Employment Access Rd	1,379	
Bicester Library	554	
Schemes under £500,000	960	
Total Corporate Services		11,299
Sub Total Capital Programme		122,967
Capitalised Structural Repairs & Maintenance of Buildings		546
Capitalised Purchase of Vehicles / Equipment		262
Capitalised Structural Maintenance of Highways		1,434
Capitalised ICT		356
Capitalised Loans		758
Sub Total		3,356
Total		126,323

Summary of capital expenditure

Capital expenditure by asset class is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15 £'000	2015/16 £'000
Property, Plant and Equipment	73,558	77,836
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	22,618	48,175
Capital loans	1	758
Repayment of capital grants and contributions	0	0
	96,177	126,769
Less assets acquired under service concession arrangements	0	0
Less assets transferred from capital prepayment account	-768	-446
Less assets acquired under finance leases	0	0
Total capital expenditure	95,409	126,323

32. Capital Financing

The capital expenditure of £126.323m has been financed from the following sources:

	2014/15 £'000	2015/16 £'000
Prudential and other unsupported borrowing	373	24
Grants & Contributions	88,429	118,027
Revenue	6,607	8,272
Total	95,409	126,323

33. Capital Financing Requirement

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the County Council that has yet to be financed (including assets acquired under finance leases and service concession arrangements). The movements on the CFR for the year are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15	2015/16
	£'000	£'000
Capital Financing Requirement as at 1 April	422,896	406,295
New supported borrowing	0	0
New unsupported borrowing	373	24
Assets acquired under service concession arrangements	0	0
Assets acquired under finance leases	0	0
Service concession arrangements - lifecycle prepayments	676	761
Residual interest - asset accumulation prepayments	43	43
Loan repayments and fair value adjustments	9	-202
Reduction in underlying need to borrow arising from derecognition of finance leases	-8	0
Minimum Revenue Provision for the year	-17,694	-17,163
Increase (+)/decrease (-) in Capital Financing Requirement	-16,601	-16,537
Capital Financing Requirement as at 31 March	406,295	389,758

34. Capital Commitments

As at 31 March 2016 the Council was contractually committed to £64.548m (£40.645m as at 31 March 2016) on the following schemes:

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	2015/16	
	£'000	
Children, Education & Families		
Bicester, Longfields Primary	1,707	
Yarnton, William Fletcher Primary	1,025	
Hill View Primary	967	
Steventon, St Michael Primary	608	
Banbury, Queensway Primary	650	
Hook Norton Primary	963	
Children's Home, Litchfield Farm, Eynsham	911	
Children's Home, Moorland, Witney	705	
Didcot Great Western Park, Primary no 1	4,809	
Longford Park, Primary	4,981	
NW Bicester, Exemplar Primary	4,198	
Didcot Great Western Park Secondary	15,209	
Schemes under £500,000	2,354	
		39,087
Social & Community Services		
Schemes under £500,000	578	
		578
Environment & Economy		
A34 Milton Interchange Improvements	626	
Cotteslowe Roundabout Improvements	2,239	
Wolvercote Roundabout Improvements	2,300	
Hagbourne Hill - Main Works Construction	1,363	
Structural Patching	1,000	
Surface Dressing Pre-Patching	850	
Chilton slip roads	4,702	
Better Broadband (OxOnline)	9,333	
Schemes under £500,000	2,346	
		24,759
Corporate Services		
Schemes under £500,000	124	
		124
TOTAL		64,548

As at 31 March 2016 there were no commitments relating to investment property or intangible assets.

35. Financial Instrument Carrying Values

Financial assets comprise long-term and short-term investments, long-term and short-term debtors (excluding statutory debtors and capital prepayments) and cash & cash equivalents. Financial liabilities comprise long-term and short-term borrowing, creditors (excluding statutory creditors), finance leases, the finance liability element of service concession arrangements and forward deals on investments. The Code specifies the categorisation of these assets (see pages 30 – 32 of Note 1 Summary of Significant

NOTES TO THE CORE FINANCIAL STATEMENTS

Accounting Policies). For each category, the financial instruments disclosed in the Balance Sheet are carried at the following values:

	Long-Term		Current	
	At 31 March 2015	At 31 March 2016	At 31 March 2015	At 31 March 2016
	£'000	£'000	£'000	£'000
Loans and receivables	49,836	90,338	250,000	215,192
Available-for-sale financial assets	0	0	98,409	87,140
Financial assets at fair value through profit and loss	0	0	0	0
Total Financial Assets	49,836	90,338	348,409	302,332
Financial liabilities at amortised cost	394,061	390,247	116,550	116,844
Total Financial Liabilities	394,061	390,247	116,550	116,844

Statutory debtors and creditors, receipts in advance and the capital prepayment account are not considered to be financial instruments and are therefore excluded from the above carrying values.

The County Council has £8.254m of loans and receivables as at 31 March 2016 secured on property (£8.671m at 31 March 2015). Of this, £2.709m was new in 2015/16 (£1.393m in 2014/15). The County Council is not permitted to sell or re-pledge this collateral.

The County Council has not pledged any collateral for liabilities or contingent liabilities and, as at 31 March 2016, there were no defaults or breaches relating to loans payable.

Soft loans given by the County Council are accounted for within the balances for long-term and short-term debtors. A reconciliation of the opening and closing balance for soft loans is as follows:

	2014/15 £'000	2015/16 £'000
Balance as at 1 April	4,726	4,944
Nominal value of new loans granted	337	118
Fair value adjustment on initial recognition	-9	
Loans repaid during the year	-166	-37
Impairment losses recognised	-3	
Interest credited to the Surplus/Deficit on Provision of Services	60	
Other changes	-1	-161
Balance as at 31 March	4,944	4,864

The soft loans comprise key worker loans for assistance with the purchase of housing, loans under the Children's Act relating to foster care accommodation, loans under the Chronically Sick and Disabled Persons Act for adaptations to homes and deferred payment agreements for clients' care costs entered into prior to the national mandatory scheme introduced from 1 April 2015. The nominal value of the soft loans as at 31 March 2016 was £4.864m (£4.972m at 31 March 2015).

36. Financial Instrument Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2016, using the following methods and assumptions:

- Loans borrowed by the County Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease liabilities and of service concession liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the rate for new PWLB borrowing on 31 March.
- No early repayment or impairment is recognised for any financial instrument, other than short-term debtors.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments

NOTES TO THE CORE FINANCIAL STATEMENTS

Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Financial Liabilities	Fair Value Level	Balance Sheet	Fair Value	Balance Sheet	Fair Value
		At 31 March 2015 £'000	At 31 March 2015 £'000	At 31 March 2016 £'000	At 31 March 2016 £'000
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB*	2	346,689	415,040	338,607	411,766
Long-term LOBO loans*	2	25,330	37,773	30,431	45,526
Finance lease payables and service concession liabilities	3	25,678	36,104	24,864	34,952
Total		397,697	488,917	393,902	492,244
Liabilities for which fair value is not disclosed **		112,398		113,189	
Total Financial Liabilities		510,095		507,091	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		79,816		73,766	
Short-term borrowing		35,403		32,235	
Short-term finance liabilities		815		10,843	
Long-term borrowing		368,383		365,383	
Long-term finance liabilities		25,678		24,864	
Total Financial Liabilities		510,095		507,091	

* For the purpose of fair value comparison accrued interest in relation to long term PWLB & LOBO loans has been included in the long term balance sheet total.

**The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date. Similarly the discount rate implied in the service concession arrangement and finance leases is higher than the rates available for new borrowing at the Balance Sheet date.

NOTES TO THE CORE FINANCIAL STATEMENTS

Financial Assets	Fair Value Level	Balance Sheet	Fair Value	Balance Sheet	Fair Value
		At 31 March 2015 £'000	At 31 March 2015 £'000	At 31 March 2016 £'000	At 31 March 2016 £'000
<i>Financial assets held at fair value:</i>					
Money market funds	1	30,779		14,658	
Bond, equity and property funds	1	67,630		72,482	
<i>Financial assets held at amortised cost:</i>					
Long-term loans to local authorities*	2	47,210	47,446	87,392	87,716
Long-term debtors	3	2,834	2,879	3,338	3,361
Total		148,453	148,734	177,870	178,217
Assets for which fair value is not disclosed **		249,589		214,800	
Total Financial Assets		398,042		392,670	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		2,834		3,338	
Long-term investments		47,000		87,000	
Short-term debtors		36,282		29,229	
Short-term investments		289,608		260,317	
Cash and cash equivalents		22,318		12,786	
Total Financial Assets		398,042		392,670	

*For the purpose of fair value comparison accrued interest on long term investments has been classified as long term in the balance sheet total.

**The fair value of short-term financial assets including trade receivables is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

A comparison of the fair values calculated for all loans and receivables and financial liabilities carried at amortised costs is as follows:

	At 31 March 2015		At 31 March 2016	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and receivables	299,836	300,326	305,530	306,269
Financial Liabilities	510,611	614,523	507,091	605,432

NOTES TO THE CORE FINANCIAL STATEMENTS

37. Long Term Debtors

An analysis of long term debtors is set out as follows:

	At 31 March 2015 £'000	At 31 March 2016 £'000
Key Worker Loans	271	271
Car Loans to Employees	19	17
Chronically Sick & Disabled Persons Act – loans	1,950	2,030
Children’s Act: loans to foster carers	573	579
Loan to school trustees		350
Oxfordshire Local Enterprise Partnership loans		69
Other	21	22
	2,834	3,338
Capital Prepayment Account	2,534	2,892
Total	5,368	6,230

Key Worker loans, Chronically Sick & Disabled Persons Act loans and Children’s Act loans to foster carers are soft loans in that they are contracted at interest rates below market rates (zero in most cases).

The Capital Prepayment Account holds prepayments for lifecycle replacement costs relating to the service concession arrangement. As lifecycle replacements actually take place the value of the works is transferred to Property, Plant and Equipment (£0.446m was transferred in 2015/16). For one property that the County Council has control over the residual interest but not control over the services (and therefore does not meet the tests of a service concession arrangement), the account also holds an amount for the excess of the expected fair value of the property at the end of the arrangement over the amount the County Council is required to pay upon reversion. This is built up from payments made by the County Council over the life of the arrangement.

38. Debtors

Amounts falling due to the County Council in less than a year are set out as follows:

	At 31 March 2015 £'000	At 31 March 2016 £'000
Government Departments	13,855	9,106
Other Local Authorities	10,473	12,881
Health Authorities	2,179	2,671
Public Corporations and Trading funds	0	0
Payments in Advance	5,763	5,357
Sundry	33,638	34,243
	65,908	64,258
Less Impairment Allowance Account	-8,740	-10,480
	57,168	53,778

NOTES TO THE CORE FINANCIAL STATEMENTS

Under the arrangements for accounting for financial instruments, all financial assets are assessed for impairment. The only financial assets for which there is evidence of impairment are short-term debtors within the loans and receivables category. The Code permits the reduction in the carrying amount of financial assets to be held within an allowance account rather than adjusting the value of the financial asset directly. The movement in the debtor impairment allowance account is as follows:

2014/15 £'000		2015/16 £'000
-8,578	Balance at 1 April	-8,740
507	Decrease in allowance	0
-669	Increase in allowance	-1,740
-8,740	Balance at 31 March	-10,480

39. Cash and Cash Equivalents

Cash and cash equivalents comprises the amount of cash balances held at the bank and in County Council establishments (excluding monies held on behalf of third parties), balances held in call accounts and monies held in Money Market Funds.

An analysis of cash and cash equivalents held by the County Council shows:

	At 31 March 2015 £'000	At 31 March 2016 £'000
Cash at bank and in hand	-8,462	-1,880
Call Accounts	0	8
Money Market Funds	30,780	14,658
Total	22,318	12,786

40. Risks arising from financial instruments

The County Council's activities expose it to a variety of financial risks:

- Credit risk - the possibility of financial loss stemming from other parties no longer being able to make payments or meet contractual obligations to the County Council
- Liquidity risk - the possibility that the County Council might not have funds available to meet its commitments to make payments when they fall due
- Market risk - the possibility that the County Council may suffer a financial loss as a result of changes in such measures as interest rates and movements in financial markets

The County Council's risk management of financial instruments is carried out by the Treasury Management Team, under policies approved by full Council in the Treasury Management Strategy and Annual Investment Strategy.

The Treasury Management Strategy sets out the approach to managing any borrowings the County Council may be required to undertake to meet the needs of the capital programme.

The Annual Investment Strategy sets out the County Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, including the treasury limits in force to limit the treasury risk and activities of the County Council.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the County Council's debtors. Deposits are restricted to institutions that meet the County Council's minimum credit rating criteria. Deposits are not made to banks or building societies with a FITCH short-term credit rating below F1, long-term rating below A-, unless there are other exceptional circumstances including Government ownership or Government guarantee.

Longer-term deposits of 1 year or more are restricted to the higher rated institutions with a minimum short-term FITCH rating of F1+, long-term rating AA-, or other Government bodies (e.g. other Local Authorities).

The following table summarises the nominal value (excluding accrued interest) of the Council's investment portfolio at 31 March 2016, and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment. The table includes money market funds and call accounts classed as cash & cash equivalents at 31 March 2016.

NOTES TO THE CORE FINANCIAL STATEMENTS

Counterparty	Credit rating criteria met when investment placed?	Credit rating criteria met on 31 March 2016?	Balance invested as at 31 March 2016						Total
			Up to 1 month	1-3 months	3 - 6 months	6 – 12 months	1 – 2 years	2 – 3 years	
			£'000	£'000	£'000	£'000	£'000	£'000	
Banks UK	Yes	Yes	3,000	15,000					18,000
Banks non-UK:									
Australia	Yes	Yes	5,000	5,000					10,000
Canada	Yes	Yes			5,000	20,000			25,000
Germany	Yes	Yes			15,000				15,000
Netherlands	Yes	Yes			20,000	5,000			25,000
Singapore	Yes	Yes			5,000				5,000
Sweden	Yes	Yes			6,000				6,000
Total Banks			8,000	20,000	51,000	25,000	0	0	104,000
Local Authorities and Police Authorities	Yes	Yes	8,000	5,000	20,000	10,000	35,000	52,000	130,000
Building Societies - UK	Yes	Yes			10,000				10,000
Notice Accounts	Yes	Yes	29,800						29,800
Short dated Bond Funds	Yes	Yes	36,756						36,756
Bond Funds	Yes	Yes	15,918						15,918
Property Funds	Yes	Yes	19,808						19,808
Money Market Funds	Yes	Yes	14,658						14,658
Call Accounts	Yes	Yes	8						8
Total			132,948	25,000	81,000	35,000	35,000	52,000	360,948

NOTES TO THE CORE FINANCIAL STATEMENTS

The above analysis shows that all deposits outstanding as at 31 March 2016 met the County Council's credit rating criteria at that date.

The amount best representing the Council's maximum exposure to credit risk at the reporting date is deemed to be nil.

Within the £64.258m short-term debtors included in loans and receivables, £20.043m were past due at 31 March 2016 (£20.478m at 31 March 2015). The past due amount can be analysed by age as follows:

	At 31 March 2015 £'000	At 31 March 2016 £'000
Less than 1 month	8,831	5,302
Between 1 and 3 months	4,668	5,068
Between 3 and 6 months	1,896	2,620
Between 6 months and 1 year	1,627	2,633
Between 1 and 3 years	2,598	3,317
Over 3 years	858	1,103
Total	20,478	20,043

None of these past-due short-term debtors have been individually impaired. An impairment allowance of £2.637m has been provided for past due debtors that are financial instruments based on past and current experience (£1.503m at 31 March 2015). This is the County Council's estimate of maximum exposure to uncollectability. £2.494m of the debtor impairment allowance is based on a collective assessments of debtors with similar characteristics. An individual impairment allowance has been provided for overdue library fines (£0.143m). There has been a deterioration in the rates of debt collection in the last year due to a period of transition to the new arrangements with the Hampshire County Council Integrated Business Centre, hence the current estimate of uncollectability is higher than the average for the previous 5 years. The past due debtors analysis and impairment allowance quoted above exclude those for statutory debtors as these are not considered to be financial instruments.

The key worker, CSDP Act and Children's Act loans are secured on property. Details of this collateral are provided in note 35.

Liquidity Risk

As the County Council has access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the County Council may be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to spread the maturity dates of fixed debt so that a significant proportion of the portfolio does not mature in any one year.

The maturity analysis of borrowing and financial liabilities is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

At 31 March 2015 £'000		At 31 March 2016			
		Fixed Rate Borrowing £'000	Variable Rate Borrowing £'000	Other Finance Liabilities £'000	Total £'000
36,067	Less than 1 year	11,306	20,929	10,843	43,078
13,812	Between 1 and 2 years	18,000	10,000	900	28,900
67,849	Between 2 and 5 years	18,184	20,000	3,103	41,287
46,679	Between 5 and 10 years	45,049	0	6,977	52,026
266,516	More than 10 years	254,150	0	13,884	268,034
430,923		346,689	50,929	35,707	433,325

All trade and other payables are due to be paid in less than one year.

Market Risk

The County Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the County Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates - the fair value of the long-term borrowings will fall
- Investments at variable rates - the variation in the interest income credited to the Surplus or Deficit on the Provision of Services will be dependent upon the nature and proportion of structured products
- Investments at fixed rates - the fair value of the long-term assets will fall

The County Council has a number of strategies for managing interest rate risk. Use of Lender's Option Borrowers Option (LOBO) loans is restricted to 20% of the debt portfolio. The variable interest rate exposure was limited to 25% in 2015/16. Principal deposited at variable rates net of investments at variable rates as a proportion of total net borrowing was limited to 25% in 2015/16.

The Treasury Management Strategy Team regularly review the debt and investment portfolios and the impact of interest rate changes on the annual budget.

If the return on investments had been 1% higher, with all other variables held constant, the financial effect would be as follows:

	2014/15 £'000	2015/16 £'000
Increase in interest payable on new borrowings	0	0
Increase in interest receivable on variable and structured investments	0	0
Increase in interest receivable on fixed rate investments	-1,397	-1,531
Increase in the gain arising from the revaluation of available for sale assets	-612	-681
Impact on Comprehensive Income & Expenditure Statement	-2,009	-2,212

NOTES TO THE CORE FINANCIAL STATEMENTS

If the return on investments had been 1% lower, with all other variables held constant, the financial effect would be as follows:

	2014/15 £'000	2015/16 £'000
Decrease in interest payable on new borrowings	0	0
Decrease in interest receivable on variable and structured investments	0	0
Decrease in interest receivable on fixed rate investments	881	1,112
Decrease in the gain arising from the revaluation of available for sale assets	385	681
Impact on Comprehensive Income & Expenditure Statement	1,266	1,793

Where prevailing rates were below 1% for new debt or investments, zero return has been assumed where a reduction in interest rates by 1% would imply a negative return. Negative return is applicable to available for sale assets.

Price Risk

The County Council does not generally invest in equity shares but does have investments in externally managed pooled funds which may invest instruments sensitive to price movements. The fund managers monitor price fluctuations and have strategies for limiting the impact of adverse price movements of underlying investments within the pooled funds.

Foreign Exchange Risk

The council's deposits and debt instruments are denominated in sterling.

41. Creditors

A breakdown of the items within the creditors category on the Balance Sheet is given in the following table.

NOTES TO THE CORE FINANCIAL STATEMENTS

	At 31 March 2015 £'000	At 31 March 2016 £'000
Receipts in Advance		
Government Departments	1,690	376
Other Local Authorities	94	682
Health Authorities	3,379	259
Public Corporations and Trading Funds	0	0
Sundry	2,758	4,149
	7,921	5,466
Creditors		
Government Departments	9,323	8,451
Other Local Authorities	4,298	8,337
Health Authorities	2,784	3,367
Public Corporations and Trading Funds	9	11
Sundry	73,927	63,815
	90,341	83,981
Long Term Receipts in Advance	3,273	4,601
	101,535	94,048

Long Term Receipts in Advance relate to contributions received which have conditions attached to them that are not expected to be satisfied within the next 12 months.

42. Provisions

A breakdown of the items within the Provisions category on the Balance Sheet is set out below, analysed between those due within 1 year and those due after 1 year, together with the movements for the year is as follows:

	Balance at 31 March 2015 £'000	Reclass- ification between short and long term £'000	Additional provisions made in 2015/16 £'000	Amounts used in 2015/16 £'000	Unused amounts reversed in 2015/16 £'000	Balance at 31 March 2016 £'000
Provision due within 1 year						
Insurance	647	1,802	1,843	-872	-533	2,887
Pooled Budgets	684			-363		321
Redundancy	126		1,612	-76		1,662
MMI Scheme of Arrangement	20		726	-313		433
Business Rates	3,004		207		-37	3,174
Joint Use	175					175
	4,656	1,802	4,388	-1,624	-570	8,652
Provision due after 1 year						
Insurance	7,470	-1,802	1,548	-2,815	-2,453	1,948
Redundancy			200			200
	7,470	-1,802	1,748	-2,815	-2,453	2,148
Total	12,126	0	6,136	-4,439	-3,023	10,800

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2014	Reclassification between short and long term	Additional provisions made in 2014/15	Amounts used in 2014/15	Unused amounts reversed in 2014/15	Balance at 31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Provision due within 1 year						
Insurance	367	570	1,905	-1,851	-344	647
Pooled Budgets	963		30	-10	-299	684
Redundancy	90		82	-46		126
Carbon Commitment Levy	629			-629		0
MMI Scheme of Arrangement	20					20
Highways Schemes	433			-433		0
Business Rates	1,735		1,269			3,004
Joint Use	0		175			175
	4,237	570	3,461	-2,969	-643	4,656
Provision due after 1 year						
Insurance	6,879	-570	3,426	24	-2,289	7,470
Total	11,116	0	6,887	-2,945	-2,932	12,126

Details of the provisions held at 31 March 2016 are as follows:

- Insurance claims are managed by the County Council's Insurance Team, working with external insurers and legal advisors to achieve a satisfactory outcome. The time required to settle these claims will depend upon the complexity of each case and the approach adopted by each claimant but the expectation is that these cases will be settled within 18 months to two years. In a small number of cases where the final liability is dependent on a long term medical prognosis, the claim may take longer to settle to ensure all the medical facts are known.
- The Pooled Budgets provision reflects the County Council's share of the estimated liability to pay claims in respect of continuing care assessments (under both the old and new frameworks) in its capacity as host of the Older People's and Physical Disabilities Pooled Budgets arrangement.
- The redundancy provisions reflect the estimated liability for redundancy costs within Children, Education & Families and Cultural Services.
- The County Council has claims outstanding with Municipal Mutual Insurance Plc. (MMI). In November 2012 the directors of MMI triggered a process to wind up the business. This means the County Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. A levy of 15% has been paid since 2012, and this was increased to 25% in 2016. A provision of £0.733m has been allocated as per the actuary's report of April 2016 however the latest levy which was requested in April has already been paid and therefore deducted from the actuary's report as his suggested provision included this.

- Under the Business Rates Retention Scheme the County Council is required to account for its share of the billing authorities' provision for appeals on business rates valuations.
- The Joint Use provision relates to an underpayment for joint use facilities provided by South Oxfordshire District Council.

43. Deferred Income

The deferred income balance of £3.461m at 31 March 2016 (£3.796m at 31 March 2015) relates to lease premiums received under the service concession arrangement with Oxfordshire Care Partnership and in relation to two other leases, which are being released to the Comprehensive Income and Expenditure Statement over the lives of the arrangements.

44. Capital Grants Receipts in Advance

The balance on this account represents capital grants and contributions which have been received but not yet recognised as income as they have conditions attached to them that require the monies to be returned to the provider if not used for the purposes specified. The movement on the account in 2015/16, split between short term and long term is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

The balance at 31 March 2016 includes £5.431m Growing Places Fund grant held on behalf of the Oxfordshire Local Enterprise Partnership (OxLEP), for which the County Council is the accountable body (£8.223m at 31 March 2015).

2015/16	Capital Grants	Developer Contributions	Other Contributions	Total
	£'000	£'000	£'000	£'000
Short term:				
Balance as at 1 April 2015	17,417	14,343	0	31,760
Received/refunded during the year	26,013	5,530	1,335	32,878
Transferred to the Comprehensive Income and Expenditure Statement during the year	-36,947	-24,956	-1,335	-63,238
Transfer between short and long term	2,080	27,223	0	29,303
Balance at 31 March 2016	8,563	22,140	0	30,703
Long term:				
Balance as at 1 April 2015	2,080	37,484	65	39,629
Received/refunded during the year	0	44,856	0	44,856
Transferred to the Comprehensive Income and Expenditure Statement during the year	0	205	0	205
Transfer between short and long term	-2,080	-27,223	0	-29,303
Balance at 31 March 2016	0	55,322	65	55,387
Total at 31 March 2016	8,563	77,462	65	86,090

The comparative amounts for 2014/15 are given in the following table:

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15	Capital Grants	Developer Contributions	Other Contributions	Total
	£'000	£'000	£'000	£'000
Short term:				
Balance as at 1 April 2014	12,112	4,541	0	16,653
Received/refunded during the year	10,128	204		10,332
Transferred to the Comprehensive Income and Expenditure Statement during the year	-4,823	-5,154		-9,977
Reclassification between short and long term	0	14,752		14,752
Balance at 31 March 2015	17,417	14,343	0	31,760
Long term:				
Balance as at 1 April 2014	2,080	28,479	65	30,624
Received/refunded during the year		23,815		23,815
Transferred to the Comprehensive Income and Expenditure Statement during the year		-58		-58
Reclassification between short and long term		-14,752		-14,752
Balance at 31 March 2015	2,080	37,484	65	39,629
Total at 31 March 2015	19,497	51,827	65	71,389

45. County Fund Balance

The balance on the County Fund at 31 March 2016 was £18.984m (£24.297m at 31 March 2105) as shown in the Movement in Reserves Statement on page 15.

46. Earmarked Reserves

	Balance at 1 April 2014 £'000	In-year movement 2014/15 £'000	Balance at 31 March 2015 £'000	In-year movement 2015/16 £'000	Balance at 31 March 2016 £'000
Local Management of Schools	24,154	-2,172	21,982	-1,335	20,647
Other Schools Reserves	1,290	-1,353	-63	100	37
Vehicle and Equipment Reserve	2,399	-24	2,375	748	3,123
Grants and Contribution Reserve	20,596	-1,871	18,725	-4,158	14,567
ICT Projects	1,424	-790	634	-361	273
Government Initiatives		1,085	1,085	-220	865
CE&F Commercial Services	989	-488	501	-167	334
CE&F Joint working with Police	272	-272	0	0	0
CE&F School Intervention Fund	1,116	-666	450	60	510
CE&F Foster Carer Loans	201	19	220	20	240
CE&F Academies Conversion Support	619	-149	470	-361	109
CE&F Staff Training and Development	102	-102	0	0	0
CE&F Early Intervention Service Reserve	363	-335	28	-25	3
CE&F Thriving Families	1,745	16	1,761	-7	1,754
CE&F Children's Social Care	20	706	726	-641	85
CE&F Pay Protection Costs	282	-282	0	0	0
S&CS Older People Pooled Budget Reserve	2,878	-12	2,866	-1,205	1,661
S&CS Physical Disabilities Pooled Budget Reserve	1,044	-500	544	0	544
S&CS Learning Disabilities Pooled Budget Reserve	95	0	95	-13	82
S&CS Fire Control	409	-369	40	319	359
S&CS Fire & Rescue & Emergency Planning Reserve	129	0	129	57	186
S&CS Community Safety Reserve	156	0	156	0	156
EE Highways and Transport Reserve	385	-348	37	0	37
EE Area Stewardship	137	-137	0	0	0
EE On Street Car Parking	2,086	-641	1,445	434	1,879
EE SALIX Repayments	297	79	376	-289	87
EE Dix Pit Engineering Works & WRC Development	839	-109	730	-515	215
EE Waste Management	528	-148	380	0	380
EE Property Disposal Costs	201	34	235	32	267
EE Skills Reward	102	-95	7	-7	0

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 1 April 2014 £'000	In-year movement 2014/15 £'000	Balance at 31 March 2015 £'000	In-year movement 2015/16 £'000	Balance at 31 March 2016 £'000
EE Developer Funding (Revenue)	410	65	475	60	535
EE Joint Use	1,077	-263	814	-544	270
EE Catering Investment Fund	1,594	-476	1,118	-702	416
EE Asset Rationalisation	637	-400	237	-45	192
EE Minerals and Waste Project	111	-65	46	77	123
EE OCS Development Reserves	1,063	-801	262	-200	62
EE Money Management Reserve	150	-150	0	0	0
EE Oxfordshire - Buckinghamshire partnership	198	200	398	-398	0
EE LABGI Reserve	278	-80	198	1	199
EE Oxford Western Conveyance		350	350	400	750
EE Cultural Services Reserve	1,506	-477	1,029	-89	940
EE Other Reserves	194	-105	89	0	89
CS Big Society Fund	16	-16	0	0	0
CS CIPFA Trainees	58	-58	0	0	0
CS Coroner's Service	133	-93	40	0	40
CS Council Elections	0	232	232	255	487
CS Registration Service	675	-271	404	0	404
Insurance Reserve	3,482	1,034	4,516	2,570	7,086
Carry Forward Reserve	1,085	-889	196	-196	0
Capital Reserve	19,442	3,893	23,335	423	23,758
Rolling Fund Reserve	2,050	491	2,541	-2,047	494
Budget Reserve	19,393	-10,587	8,806	-95	8,711
Efficiency Reserve	4,253	-2,505	1,748	1,128	2,876
Prudential Borrowing Reserve	7,530	1,368	8,898	1,402	10,300
Total Earmarked Reserves	130,193	-18,527	111,666	-5,534	106,132

NOTES TO THE CORE FINANCIAL STATEMENTS

The purposes of the earmarked reserves are as follows:-

Local Management of Schools

In accordance with the Education Reform Act 1988, the scheme of Local Management of Schools provides for the carry forward of individual school surpluses and deficits. These reserves are committed to be spent on schools.

The following table provides an analysis of school surplus and deficits:

	Balance at 31 March 2015		Balance at 31 March 2016	
	No. of schools	Balance £'000	No. of schools	Balance £'000
Primary Schools				
Schools in surplus	180	12,632	163	12,697
Schools in deficit	13	-225	14	-495
Secondary Schools				
Schools in surplus	7	1,354	3	857
Schools in deficit	2	-525	3	-1,071
Special Schools				
Schools in surplus	9	1,134	7	928
Schools in deficit	0	0	2	-78
Sub-Total Revenue	211	14,370	192	12,838
Closed Schools, Schools Contingency & Schools Forum		7,612		7,809
Total		21,982		20,647

Other School Reserves

These reserves cover a number of miscellaneous education activities, including amounts loaned to individual schools against schools reserves, and School Partnership accounts which are operated in respect of inter-school activities, primarily relating to training and staff development, and curriculum initiatives. The use of the monies is agreed by the schools in each of the partnerships.

Vehicle and Equipment Reserve

This reserve is to fund future replacements of vehicles and equipment.

Grants and Contributions Reserve

This reserve has been set up to hold unspent grants and contributions committed to be spent in future years. £8.770m of the balance at 31 March 2016 relates to the Dedicated Schools Grant.

ICT Projects Reserve

This reserve has been set up to fund the cost of ICT projects.

Government Initiatives Reserve

This reserve is used to hold underspends on budgets funded by unringfenced grants held that relate to specific agreed outcomes or the implementation of Government initiatives.

CE&F Commercial Services

This reserve has combined a number of smaller reserves and includes the Oxfordshire Safeguarding Children Board Reserve, which was set up to hold contributions from participants in the Board (the balance will be drawn down as required). Surplus balances from Outdoor Education Centres are also held in the reserve.

CE&F Joint Working with Police Reserve

This reserve was used to fund a two-year project to respond to an increase in referrals and workloads.

CE&F School Intervention Fund Reserve

This reserve is for school improvement projects in line with the Education Strategy.

CE&F Academies Conversion Support Reserve

This reserve is to meet costs arising in legal services, human resources, property, finance and other areas as a consequence of school conversions to academies, and to provide the opportunity to investigate and implement alternate trust structures for groups of schools considering conversion to academies.

CE&F Staff Training & Development Reserve

This reserve was for training and staff development towards new ways of working following a restructuring of the Children, Education and Families directorate.

CE&F Early Intervention Service Reserves

Funding for early intervention projects and equipment.

CE&F Thriving Families Reserve

This reserve will be used to fund the Thriving Families project.

CE&F Children's Social Care Reserve

This reserve is to fund project work within Children's Social Care.

CE&F Pay Protection Costs Reserve

This reserve has been used to support the Medium Term Financial Plan.

S&CS Older People, Physical Disabilities and Learning Disabilities Pooled Budget Reserves

These reserves hold the County Council's element of previous pooled budget underspends. To be used in future years as agreed by the Joint Management Group.

S&CS Fire Control Reserve

This reserve has been created to hold funding for the Oxfordshire, Berkshire and Buckinghamshire Fire Control Centre.

S&CS Fire & Rescue Emergency Planning Reserves

These reserves are to be used for future unbudgeted fire hydrant work and renewal of IT and other equipment.

S&CS Community Safety Reserves

These reserves have combined some smaller reserves, including the Gypsy & Traveller Service reserve, which is held for maintenance works at the Gypsy & Traveller sites. The other reserves are to be used for costs of complex investigations, e.g. expert witnesses.

EE Highways and Transport Reserve

To be used to fund bridge investigation work.

EE Area Stewardship Reserve

Remaining Area Stewardship Scheme funding that was spent in 2014/15.

EE On-Street Parking Account Reserve

This surplus has arisen under the operation of the Road Traffic Regulation Act 1984 (Section 55). The purposes for which these monies can be used are defined by statute.

EE SALIX Energy Schemes Reserve

This reserve is ring-fenced to energy saving schemes in the future.

EE Dix Pit Engineering Works & WRC Development Reserve

These reserves are to meet engineering work at Dix Pit waste management site and any other ongoing liabilities due to the closure of other landfill sites.

EE Waste Management

This reserve will be used to fund financial liabilities due to any contract deficit mechanism payments as part of the Energy from Waste Contract.

EE Property Disposal Costs Reserve

This reserve was set up to meet disposal costs in excess of the 4% eligible to be charged against capital receipts.

EE Skills Reward Reserve

This reserve was used to fund job clubs.

EE Developer Funding (Revenue) Reserve

This reserve is used to meet the costs of monitoring and administering Section 106 agreements.

E&E Joint Use Reserve

This reserve has been established to hold the balance of funds for the joint-use sports agreements with the district councils.

EE Catering Investment Fund Reserve

This reserve will be used to invest in catering facilities and includes a contingency for unforeseen costs.

EE Asset Rationalisation Reserve

This reserve is for the implementation of the property asset rationalisation strategy.

EE Minerals and Waste Project Reserve

This reserve is to fund the Minerals and Waste Project.

EE OCS Development Reserves

This reserve will be used to fund projects which contribute to the business strategy.

EE MM Money Management Reserve

This reserve was fully spent in 2014/15.

EE Oxfordshire - Buckinghamshire Partnership Reserve

This reserve was set up to ring-fence funding for the Oxfordshire & Buckinghamshire Partnership graduate teacher training programme. The partnership ceased in 2015/16 and the reserve was used to meet cessation costs and returned to the funding body where necessary.

EE LABGI Reserve

This reserve contains funding that has been allocated to support the Oxfordshire Local Enterprise Partnership (OxLEP).

EE Oxford West Conveyance Reserve

This reserve holds funding for the flood relief scheme.

EE Cultural Services Reserves

This reserve combines some small Cultural Services reserves and includes ICT/Digitisation projects, donations and Library Strategy.

EE Other Reserves

This reserve combines some small Environment & Economy reserves, including the Ascott Park Historical Trail reserve.

CS Big Society Fund Reserve

This reserve held funding for the Big Society Fund. The remaining schemes were completed in 2014/15.

CS CIPFA Trainees Reserve

This reserve originally provided funding for CIPFA trainees. This was agreed to be used to support the Medium Term Financial Plan as part of the 2015/16 budget.

CS Coroner's Service

This reserve will be used to support one – off projects in the Coroner's Service.

CS Elections Reserve

This reserve has been established to meet the cost of County Council Elections.

CS Registration Service

This reserve is for the refurbishment of registrar's buildings and facilities, and for other registration service projects.

NOTES TO THE CORE FINANCIAL STATEMENTS

Insurance Reserve

This reserve covers the County Council for insurance claims that, based on the previous experience of the County Council, are likely to be received, as well as a number of insurance related issues.

An independent actuary, Arthur J Gallagher, carries out a full valuation of the County Council's employers and public liability, motor, property and personal accident liability every three years using generally accepted actuarial methods. Interim valuations take place annually in between. The last full valuation was completed as at 31 March 2016.

The actuaries projected the standard claims arising in future years in respect of the period up to 31 March 2016 at £2.590m. In addition to these claims the actuaries have also highlighted an amount in respect of Municipal Mutual Insurance Plc (MMI) clawback and non-standard claims (for example exceptional and latent claims) which in total has been assessed at £1.886m. £0.508m has been included in the reserve to cover MMI clawback noted as a contingent liability in Note 61.

	At 31 March 2015 £'000	At 31 March 2016 £'000
Standard claims likely to be received as at 31 March	578	2,590
Additional IBNR/Latent claims as assessed by Actuarial review	1,913	1,886
MMI clawback as assessed by actuarial review	1,177	508
Risk management	413	2,102
Contribution from balances agreed by Cabinet in July 2014 - reflects actuarial advice	435	0
Total	4,516	7,086

Carry Forward Reserve

This reserve allows for the carry forward of budgets between financial years in accordance with the County Council's budget management arrangements, subject to Cabinet approval.

Capital Reserve

This reserve has been established for the purpose of financing capital expenditure in future years.

Rolling Fund Reserve

The Rolling Fund was established to facilitate, through forward funding, the timely provision of critical infrastructure that supports planned growth. This has been agreed to be used to support the Medium Term Financial Plan.

Budget Reserve

This reserve is used to manage the cash flow implications of variations to the Medium Term Financial Plan.

NOTES TO THE CORE FINANCIAL STATEMENTS

Efficiency Reserve

This reserve is to help support the implementation of directorate business strategies and the Medium Term Financial Plan.

Prudential Borrowing Reserve

This reserve is used to meet the costs of borrowing for increased funding for the Capital Programme. Contributions are to be made each year with draw-downs being required as costs are incurred.

47. Useable Capital Receipts

	2014/15 £'000	2015/16 £'000
Balance as at 1 April	14,148	16,078
Net receipts from sale of assets	1,800	1,966
Net receipts from repayment of loans	130	50
Receipts applied to finance capital expenditure	0	0
Balance as at 31 March	16,078	18,094

This reserve has been established for the purpose of financing capital expenditure in future years. Unutilised capital receipts at 31 March 2016 have been earmarked for future schemes.

An analysis of the net capital receipts from the sale of assets is set out in the following table:

	£'000
Marywood House	598
Westgate redevelopment	500
Other receipts from sale of assets under £500,000	868
Total	1,966

48. Capital Grants and Contributions Unapplied

The balance on this account represents grants and contributions which have been recognised as income in the Comprehensive Income and Expenditure Statement but not yet applied to finance capital expenditure.

	2014/15 £'000	2015/16 £'000
Balance as at 1 April	54,540	49,620
Applied during the year	-28,133	-27,729
Recognised as income but not applied during the year	23,213	6,979
Balance as at 31 March	49,620	28,870

NOTES TO THE CORE FINANCIAL STATEMENTS

49. Unusable Reserves

A breakdown of reserves within the unusable reserves category on the Balance Sheet is set out in the following table.

	Balance at 31 March 2015 £'000	Balance at 31 March 2016 £'000
Available-for-Sale Financial Instruments Reserve	1,681	1,458
Pensions Reserve	-822,003	-756,952
Revaluation Reserve	97,020	142,005
Capital Adjustment Account	611,832	610,734
Financial Instruments Adjustment Account	-262	-242
Collection Fund Adjustment Account	4,593	4,987
Accumulated Absences Account	-4,314	-2,329
Total	-111,453	-339

Movements on the Pensions Reserve are set out in the Retirement Benefits Note 20.

50. Available for Sale Reserve

The Available for Sale Reserve holds gains/losses arising from the movement in fair value of assets held within the available for sale financial assets category.

	£'000
Balance as at 1 April 2015	1,681
Increase in value of available for sale financial assets	23
Decrease in value of available for sale financial assets	0
Amounts recycled back to the CIES	-246
Balance as at 31 March 2016	1,458

51. Revaluation Reserve

The Revaluation Reserve contains the gains made by the County Council arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, consumed through depreciation or disposed. The Reserve contains only revaluation gains accumulated since 1 April 2007, when the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15 £'000			2015/16 £'000	
	81,836	Balance as at 1st April		97,020
27,920		Revaluation of assets	57,349	
-2,728		Impairment of assets	-1,289	
7,233		Write back of accumulated depreciation on revaluations	12,653	
3,834		Write back of accumulated impairment on revaluations	1,857	
	36,259	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		70,570
1,261		Difference between fair value depreciation and historical cost depreciation	-2,397	
-22,336		Accumulated gains on assets sold or scrapped	-23,188	
	-21,075	Amounts written off to the Capital Adjustment Account		-25,585
	97,020	Balance as at 31st March		142,005

52. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences between accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the County Council as finance for the costs of acquisition, construction or enhancement. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15 £'000			2015/16 £'000	
	641,790	Balance as at 1st April		611,832
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
-28,226		Charges for depreciation for non-current assets	-30,881	
-3,370		Charges for impairment for non-current assets	-192	
1,153		Revaluation losses/subsequent gains on Property, Plant and Equipment	11,702	
-294		Amortisation of Intangible Assets	-246	
-22,618		Revenue expenditure funded from capital under statute	-48,175	
-109,212		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on derecognition	-102,384	
1		Removal of finance liability on derecognition of assets held under finance leases		
	-162,566	Adjusting amounts written out of the Revaluation Reserve:		-170,176
-1,261		Difference between fair value depreciation and historical cost depreciation	2,397	
21,286		Accumulated gains on assets sold or scrapped	23,188	
	20,025			25,585
	499,249	Net written out amount of the cost of non-current assets consumed in the year		467,241
		Capital financing applied in the year:		
60,625		Capital grants and contributions credited to the CIES that have been applied to capital financing	90,447	
27,804		Application of grants to capital financing from the Capital Grants Unapplied account	27,580	
		Reversal of grants and contributions applied in previous years		
17,694		Statutory provision for the financing of capital investment charged against the County Fund balance	17,163	
6,607		Capital expenditure charged against the County Fund balance	8,272	
		Reversal of revenue applied to capital financing in previous years	-157	
	112,730			143,305
	508	Movements in the market value of Investment Properties debited or credited to the CIES		346
	-277	Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition		
		Movement in the Donated Asset Account credited to the CIES		524
	3	Revaluation losses/subsequent gains on Assets held for Sale		-632
		Impairment losses on Assets held for Sale		
	1,050	Accumulated gains on Assets held for Sale sold or scrapped		
	-1,300	Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition		
	-131	Repayment of loans treated as capital receipts		-50
	611,832	Balance as at 31 March		610,734

53. Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefits from gains per statutory provisions. The account holds the reversal of write-downs/write-ups for soft loans and stepped interest loans and the reversal of interest charged at effective interest rates. The £0.018m balance held for soft loans as at 31 March 2015 was written off during 2015/16.

2014/15 £'000		2015/16 £'000
-317	Balance as at 1 April	-262
-11	Write-down/write-ups to fair value	18
66	Effective interest rate adjustments	2
55	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	20
-262	Balance at 31 March	-242

54. Collection Fund Adjustment Account

The account holds the difference between the accrued Council Tax income and accrued Business Rates income included in the Comprehensive Income and Expenditure Statement (CIES) and the amount required by regulations to be credited to the County Fund. The movement on the account is as follows:

2014/15 £'000		2015/16 £'000
6,228	Balance as at 1 April	4,593
-2,042	Decrease in Council Tax and Business Rate surpluses/increases in deficits	-670
407	Increases in Council Tax and Business Rate surpluses/reductions in deficits	1,064
-1,635	Amount by which Council Tax and Business Rate income credited to the CIES is different from the income for the year calculated in accordance with statutory requirements	394
4,593	Balance at 31 March	4,987

NOTES TO THE CORE FINANCIAL STATEMENTS

55. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the County Fund balance from accruing for compensated absences earned but not taken in the year. Statutory provisions require that the impact on the County Fund balance is neutralised by transfers to or from the account.

The balance at 31 March 2016 relates to teachers' accumulated holiday pay, no accruals have been made for non-teaching staff in 2015/16 as the amounts involved are not considered to be material to the accounts. The balance for teachers' accumulated holiday pay has reduced because of the conversion of schools to academies.

2014/15 £'000		2015/16 £'000	
-5,745	Balance at 1 April		-4,314
5,745	Settlement or cancellation of previous year's accrual	4,314	
-4,314	Amount accrued at the end of the current year	-2,329	
1,431	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute		1,985
-4,314	Balance at 31 March		-2,329

56. Cash Flow Statement - Non-cash Movements

The table below provides a breakdown of the non-cash movements within operating activities summarised in the Cash Flow Statement:

	2014/15 £'000	2015/16 £'000
Depreciation/amortisation of fixed assets	-28,519	-31,127
Impairment charges/revaluation losses	-2,214	10,878
Retirement benefit adjustments	-21,773	-22,444
Debt write-offs and Impairment allowances	-548	-1,363
Other financial instrument adjustments	56	266
Provisions set aside in the year	-1,555	-1,609
Deferred income released	334	335
Movement in value of investment properties	508	347
Carrying amount of non-current asset sold	-110,790	-102,384
Transfers from Capital Grants Receipts in Advance	10,035	63,033
Previous years' capitalised spend written-off	0	-157
Donated assets	0	524
Increase/decrease(-) in inventories	-132	-55
Increase/decrease(-) in debtors	9,944	-1,993
Increase(-)/decrease in creditors	-10,133	12,315
Total adjustments for non-cash movements	-154,787	-73,434

NOTES TO THE CORE FINANCIAL STATEMENTS

57. Cash Flow Statement – Operating Activities

The cash flows for operating activities are as follows:

2014/15 £'000		2015/16 £'000	
	Cash outflows		
380,210	Cash paid to and on behalf of employees	350,070	
484,138	Other operating costs	518,305	
864,348			868,375
	Cash inflows		
-284,663	Council Tax receipts	-295,725	
-28,588	Non-domestic rate income	-29,527	
-80,623	Revenue Support Grant	-62,305	
-36,390	Business Rates Top-Up Grant	-37,085	
-379,354	Other government grants and contributions	-349,195	
-66,321	Other cash received for goods and services	-61,436	
-875,939			-835,273
	Cash outflows		
18,126	Interest paid	19,993	
2,134	Interest element of finance lease rental payments	-1	
20,260			19,992
	Cash Inflows		
-2,630	Interest received		-3,114
6,039	Total operating activities		49,980

Payments on behalf of employees have reduced primarily due to the conversion of schools to academies.

58. Cash Flow Statement – Investing Activities

The following table provides a breakdown of the items within the Investing Activities line of the Cash Flow Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15 £'000	2015/16 £'000
Purchase of property, plant and equipment, investment property and intangible assets	69,437	72,728
Purchase of short-term and long-term investments	343,970	312,895
Other payments for investing activities	719	1,562
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-1,799	-1,966
Capital grants	-100,958	-119,938
Proceeds from short-term and long-term investments	-326,000	-312,266
Other receipts from investing activities	-205	-249
Total investing activities	-14,836	-47,234

59. Cash Flow Statement – Financing Activities

A breakdown of the items within the Financing Activities line in the Cash Flow Statement is as follows:

	2014/15 £'000	2015/16 £'000
Cash receipts of short- and long-term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet service concession arrangements	825	786
Repayments of short- and long-term borrowing	2,002	6,000
Other payments for financing activities	0	0
Total financing activities	2,827	6,786

60. Analysis of Government Grants

The total cash received for revenue government grants (other than Revenue Support Grant and Business Rates Top-Up Grant) is £324.764m. An analysis is set out in the table on the next page.

NOTES TO THE CORE FINANCIAL STATEMENTS

Government Grants	2014/15 £'000	2015/16 £'000
Department for Education		
Dedicated Schools Grant	269,026	245,402
Pupil Premium Grant	11,324	9,840
Education Services Grant	7,401	5,302
Universal Infant Free School Meals	4,052	5,071
PE & Sports Grant	1,721	1,659
Department of Health		
Public Health Grant	26,086	28,536
Care Act New Burdens Grant		3,368
Independent Living Fund Grant		3,004
Education Funding Agency		
Sixth Form Funding	5,124	3,422
Skills Funding Agency		
Adult Learning	3,671	1,299
Department for Transport		
Local Sustainable Transport Fund Resource Grant	566	1,104
Department for Communities & Local Government		
New Homes Bonus	2,387	3,379
Section 31 Grant - Business Rates and Other Reliefs	1,551	1,864
Regional Growth Fund	1,195	1,241
Troubled Families Grant	1,126	
Home Office		
Asylum Seekers	991	1,257
Other grants less than £1m	10,033	9,016
Total	346,254	324,764

Dedicated Schools Grant, Pupil Premium Grant, Education Services Grant and Sixth Form Funding have reduced with the conversion of schools to academies. The Department of Work & Pensions closed the Independent Living Fund (ILF) in 2015 and devolved funding to local authorities to allow the care and support needs of existing ILF users to be met within the social care system. Responsibility for Adult Learning transferred to Abingdon & Witney College during 2015/16 and from September 2015 grant funding went directly to the College. The Troubled Families Grant for 2015/16 (£0.829m) is included in the total for other grants less than £1m.

61. Contingent Liabilities**Municipal Mutual Insurance Plc**

The County Council has claims outstanding with Municipal Mutual Insurance (MMI) Plc. In November 2012 the directors of MMI triggered a process to wind up the business. This means the County Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. The current levy of 25% has been paid against settled claims, therefore as at 31 March 2016 the Council has a potential liability of £2.3 million remaining on previously settled claims, plus the value of any outstanding and future claims. On Actuarial advice a further 33% of the total known liability has been secured against future clawback over the longer term.

62. Material Post Balance Sheet Events

Events after the balance sheet date have been considered up until 14 September 2016, when the accounts were authorised for issue.

One school converted to academy status since 31 March 2016. The value of Property, Plant and Equipment that is expected to transfer to the academy trust during 2016/17 relating to this school is £4.944m.

A referendum on the United Kingdom's membership of the European Union (EU) took place on 23 June 2016. The vote to leave the EU has increased political and economic uncertainty. The impact of the result on the County Council will become clearer over the next couple of years.

63. Changes in accounting policy

The County Council is required to disclose information relating to the impact of an accounting change on the financial statements as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) of a new standard that has been issued, but is not yet required to be adopted by the County Council for the current reporting year (2015/16).

The 2016/17 Code has adopted amendments to some financial standards that may have an impact on the amounts disclosed within the accounts which will apply from 1 April 2016. The new or revised financial standards are:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of a new Expenditure and Funding Analysis

NOTES TO THE CORE FINANCIAL STATEMENTS

- Changes to the format of the Pension Fund Account and the Net Assets Statement to be consistent with the 2015 Pensions SORP and application of IFRS 13 fair value measurement disclosures to pension fund investments.
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Annual Improvements to IFRSs 2012 – 2014 Cycle

It is not anticipated that the above amendments will have a material impact on the values reported in the County Council's financial statements. However, the format of the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement will change in 2016/17 (including comparators for 2015/16) to make it easier to relate the financial statements to financial information reported internally within the Council e.g. service income and expenditure will be reported on a directorate basis. The presentation and format of the Pension Fund financial statements will also change.

In addition to the amendments to financial standards there will be a change in accounting policy in 2016/17 as a result of adoption of the measurement requirements of the Code of Practice on Transport Infrastructure Assets (the Transport Code). Currently local authorities record the value of their transport infrastructure assets at historical cost within their accounts. However CIPFA/LASAAC, the body responsible for the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code), considers that current value is a more appropriate measurement base for local authority assets. The measurement requirements of the Transport Code have therefore been adopted in the Accounting Code for 2016/17. Transport infrastructure assets (to be known collectively as the Highways Network Asset) will be required to be measured on a depreciated replacement cost basis from 2016/17. This will represent a change in accounting policy from 1 April 2016, however exceptionally there will be no requirement to restate the preceding year information or for an opening balance as at 1 April 2016. The change will therefore be accounted for as an adjustment to opening balances as at 1 April 2016.

64. Authorisation of the Accounts

The Statement of Accounts was authorised for issue by Lorna Baxter, Chief Finance Officer on 14 September 2016.

FIRE-FIGHTERS' PENSION FUND ACCOUNTS: FUND ACCOUNT

Fund Account for the year ended 31 March

Fund Account	2014/15 £'000	2015/16 £'000
-		
Contributions Receivable		
From employer		
- normal	-1,836	-1,698
- early retirements	0	0
Other (ill health retirement contribution)	-73	-54
From members	-1,415	-1,624
	-3,324	-3,376
Transfers in	-34	0
Benefits Payable		
Pensions	4,546	4,899
Commutations and lump sum retirement benefits	930	1,811
Lump sum death benefits	0	24
Other (ill health lump sums)	52	102
	5,528	6,836
Payments to and on account of leavers		
Individual transfers out to other schemes	394	82
	394	82
Miscellaneous		
Annual Allowance Charge	0	71
Interest Payments		112
	0	183
Net amount payable/receivable for the year before top-up grant receivable/amount payable to sponsoring department	2,564	3,725
Top-up grant receivable	-2,564	-3,725
Net amount payable/receivable for the year	0	0

FIRE-FIGHTERS' PENSION FUND ACCOUNTS: NET ASSETS STATEMENT

Net Assets Statement	2014/15 £'000	2015/16 £'000
Net Current Assets and Liabilities		
Contributions due from employer	14	18
Pension top-up grant receivable from sponsoring department	780	1,073
Other Current Assets	11	12
Pension top-up grant payable to sponsoring department	0	0
Other current liabilities (other than liabilities to pay pensions and other benefits in the future)	-104	-8
Cash balance	-701	-1,095
Total	0	0

1. Basis of Preparation

The fund reflects the financial arrangements relating to the 1992, 2006, 2015 and Retained Modified Firefighters Pension Schemes and the redress payments arising from the Government Actuary's Department (GAD) v Milne case.

The financial arrangements for the Firefighters Pension Scheme 1992 were made in exercise of the power conferred by section 26 of the Fire Services Act 1947, for the Firefighters Pension Scheme 2006 and the Firefighters Pension Scheme 2015 by the power conferred by section 34 of the Fire Services Act 2004.

The accounts have been prepared in accordance with the requirements of the above powers.

2. Payment of the employers and employees contributions towards pension liabilities

Fire & Rescue Authorities are required to make an employer contribution, as a percentage of pensionable pay, towards the future pension liability for all serving members, i.e. all firefighters but not pension credit members, of the 1992, 2006, 2015 and Retained Modified Firefighters' Pension Schemes, into their pension fund.

Fire & Rescue Authorities are required to pay employees' contributions, the percentage of pensionable pay paid by all serving members, i.e. all firefighters but not pension credit members of the 1992, 2006, 2015 and Retained Modified Firefighters' Pension Schemes towards their future pension liability into their pension funds.

The Retained Modified Scheme is open to those individual employed as retained Firefighters between 1 July 2000 to 5 April 2006. These could be current firefighters, firefighters who left the service, or who left the service and are in receipt of a pension or in receipt of ill health retirement benefits. The scheme allows the fire fighters eligible to join the scheme to pay for historic contributions either as a lump sum, periodical contributions or by commuted lump sum.

3. Ill health early retirements

Fire & rescue authorities are required to make a payment into their pension fund of 4x average pensionable pay in respect of all higher tier ill health retirements and 2x average pensionable pay in respect of all lower tier ill-health retirements.

As the number of firefighters who retire on grounds of ill health varies from year to year and will cause financial volatility authorities are required to spread the charges over a period of 3 years. Oxfordshire Fire & Rescue Service had one ill health retirement in 2015/16.

4. Central government top-up grant

The fund is operated on the principle that employer and employee contributions together meet the full cost of pension liabilities accrued from future employment and central government (Department of Communities and Local Government) meet the costs of paying pensions to retired Fire-fighters, net of the employee and employer contributions, by means of a top-up grant.

There are no investment assets held by the fund and where employer and employee contributions paid into the pension fund are not sufficient to meet pension payments for that

NOTES TO THE FIRE-FIGHTERS' PENSION FUND ACCOUNTS

year, the deficit will be met by Central Government top-up grant. Any surplus in the pension fund is paid back to Central Government.

5. Administration and Management

The fund is administered and managed by Oxfordshire County Council staff whose time is not rechargeable to the fund.

6. Benefits

The funds accounts do not take account of liabilities to pay pensions and other benefits after the year end.

7. Membership

The following summarises the membership of the fund as at 31 March 2016.

	1992 Scheme	2006 Scheme	2015 Scheme
Contributors	65	38	481
Pensioners	304	26	2
Preserved Pensions	32	247	0

Note: The 2006 Scheme membership data includes those in the Fire Fighters Retained Modified Pension Scheme 2006.

8. Long-term pension obligations

Details of the County Council's long-term pension obligations in respect of fire-fighters can be found in the Retirement Benefits Note 20 to the core financial statements.

9. Government Actuary's Department (GAD) V Milne redress payments

In the case of GAD v Milne, the Pensions Ombudsman found in favour of the plaintiff, which meant that for all Firefighters Pension Scheme 1992 cases where pension entitlements were drawn between 1 December 2001 and 22 August 2006, a recalculation of lump sum payments was required based upon revised commutation factors issued by GAD. All redress payments have been made during 2015/16, together with interest thereon.

THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS: FUND ACCOUNT

Fund Account for the Year Ended 31 March 2016			
	Notes	2015	2016
		£'000	£'000
Contributions and Benefits			
Contributions Receivable	6	-86,556	-87,895
Transfers from Other Schemes	7	-3,113	-4,325
Other Income	8	-423	-390
Income Sub Total		-90,092	-92,610
Benefits Payable	9	72,230	77,044
Payments to and on Account of Leavers	10	4,011	4,947
Management Expenses	11	5,434	8,751
Other Expenses		337	0
Expenditure Sub Total		82,012	90,742
Net Additions from dealings with members		-8,080	-1,868
Returns on Investments			
Investment Income	12	-23,564	-26,869
Commission Recapture		-2	-2
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	16a	-182,703	31,791
Less Taxes on Income	12	81	138
Net returns on Investments		-206,188	5,058
Net Increase in the Net Assets Available for Benefits During the Year		-214,268	3,190
Opening Net Assets of the Scheme		1,631,211	1,845,479
Closing Net Assets of the Scheme		1,845,479	1,842,289

LOCAL GOVERNMENT PENSION FUND ACCOUNTS: NET ASSETS

Net Assets as at 31 March 2016			
	Notes	2015 £'000	2016 £'000
Investment Assets			
Fixed Interest Securities	16b	87,748	93,220
Index Linked Securities	16b	92,133	92,662
Equities	16b	643,335	621,770
Pooled Investments	16b	839,010	818,097
Pooled Property Investments	16b	111,462	142,259
Derivative Contracts	16c	1,598	758
Cash Deposits	16d	7,332	6,113
Other Investment Balances	16d	7,008	8,760
Investment Liabilities			
Derivative Contracts	16c	-393	-1,295
Other Investment Balances	16d	-4,249	-3,467
Total Investments		1,784,984	1,778,877
Assets and Liabilities			
Current Assets	17	50,191	55,706
Current Liabilities	18	-2,005	-3,021
Net Current Assets		48,186	52,685
Long-Term Assets	19	12,309	10,727
Net Assets of the scheme available to fund benefits at year end		1,845,479	1,842,289

Note 1 – Description of the fund

This description of the fund is a summary only. Further details are available in the Fund's 2015/16 Annual Report and in the underlying statutes.

General

The Oxfordshire County Council Pension Fund is part of the Local Government Pension Scheme which is a statutory, funded, defined benefit pension scheme. It is "contracted-out" of the state scheme and is termed a defined benefit scheme. Oxfordshire County Council is the administering body for this pension fund. The scheme covers eligible employees and elected members of the County Council, District Councils within the county area and employees of other bodies eligible to join the Scheme.

The scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

This defined benefit scheme provides benefits related to salary for its members. Pensions paid to retired employees, their dependants, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. The amount is determined by the Secretary of State.

Membership

The majority of fund employers are required to automatically enrol eligible jobholders into the LGPS under the government's auto-enrolment legislation, employees may then choose to opt-out of the scheme. Some employers will have the option of whether to auto-enrol eligible jobholders into the LGPS or another qualifying scheme.

Members are made up of three main groups. Firstly, the contributors - those who are still working and paying money into the Fund. Secondly, the pensioners - those who are in receipt of a pension and thirdly, by those who have left their employment with an entitlement to a deferred benefit on reaching pensionable age.

Organisations participating in the Oxfordshire County Council Pension Fund include:

- Scheduled Bodies – Local authorities and similar bodies, such as academies, whose staff are automatically entitled to become members of the fund.
- Admitted Bodies – Organisations that participate in the fund under an admission agreement between the fund and the organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Admitted Bodies can be split in to two groups:
 - Community Admission Bodies – these are typically employers that provide a public service on a not-for-profit basis and often have links to scheduled bodies already in the fund. Housing Corporations fall under this category.
 - Transferee Admission Bodies – these are bodies that provide a service or asset in connection with the exercise of a function of a scheme employer. Typically this will

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

be when a service is transferred from a scheme employer and is to allow continuing membership for staff still involved in the delivery of the service transferred.

Full definitions are contained in The Local Government Pension Scheme (Administration) Regulations 2008.

The table below details the composition of the Fund's membership:

	As at 31 March 2015	As at 31 March 2016
Number of Contributory Employees in Scheme		
Oxfordshire County Council	10,801	11,674
Other Scheduled Bodies	9,527	10,885
Admitted Bodies	1,061	1,047
	21,389	23,606
Number of Pensioners and Dependants		
Oxfordshire County Council	7,874	8,214
Other Scheduled Bodies	4,833	4,949
Admitted Bodies	758	819
	13,465	13,982
Deferred Pensioners		
Oxfordshire County Council	14,002	14,161
Other Scheduled Bodies	6,914	7,002
Admitted Bodies	942	928
	21,858	22,091

Six Scheduled Bodies, of which five are Academies, plus thirty seven Admitted Bodies, joined the scheme in 2015/16. In addition four admitted bodies left the scheme in 2015/16. There was no significant impact on the membership of the scheme because the Academies' members were previously in the scheme as County Council employees and the other new bodies all transferred from an existing scheme employer or were small.

Funding

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The contribution from employees is prescribed by statute, and for the year ending 31 March 2016 rates ranged from 5.5% to 12.5% of pensionable pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The latest actuarial valuation took place in 2013 and determined the contribution rates to take effect from 01 April 2014. Employer contribution rates currently range from 12.0% to 24.6% of pensionable pay.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service as summarised below.

	Service Pre 1 April 2008	Service Post 31 March 2008
Pension	Each full-time year worked is worth $1/80 \times$ final pensionable salary.	Each full-time year worked is worth $1/60 \times$ final pensionable salary.
Lump Sum	Automatic lump sum of $3 \times$ pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014 the scheme became a career average scheme, where members accrue benefits based on their pensionable pay in any given year at an accrual rate of $1/49^{\text{th}}$. Accrued pension is indexed annually in line with the Consumer Prices Index. The normal retirement age is linked to each individual member's State Pension Age.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. Scheme members are now also able to opt to pay 50% of the standard contributions in return for 50% of the pension benefit.

Note 2 – Basis of Preparation

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831) prohibits administering authorities from crediting Additional Voluntary Contributions to the Pension Fund. In consequence Additional Voluntary Contributions are excluded from the Net Assets Statement and are disclosed separately in Note 23.

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the Pension Fund Committee members. The accounts do not take account of the obligation to pay future benefits which fall due after the year-end. The actuarial position of the scheme which takes into account these obligations is dealt with in the Actuarial Statement on page 164.

Note 3 – Summary of Significant Accounting Policies

Investments

1. Investments are shown in the accounts at market value, which has been determined as follows:
 - (a) The majority of listed investments are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted, as at 31 March 2016.
 - (b) Unlisted securities are included at fair value, estimated by having regard to the latest dealings, professional valuations, asset values and other appropriate financial information;
 - (c) Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.
 - (d) Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2016.
 - (e) Fixed Interest stocks are valued on a 'clean' basis (i.e. the value of interest accruing from the previous interest payment date to the valuation date has been included within the amount receivable for accrued income).
 - (f) Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using market quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.
 - (g) Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
 - (h) All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

Foreign Currencies

2. Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

Contributions

3. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions that are expressed as a rate of salary are accounted for on the

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid or on receipt if earlier than the due date.

Employers' pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

The Actuary determines the contribution rate for each employer during the triennial valuations of the Fund's assets and liabilities. Employees' contributions have been included at rates required by the Local Government Pension Scheme Regulations.

Benefits, Refunds of Contributions and Transfer Values

4. Benefits payable and refunds of contributions have been brought into the accounts on the basis of all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities. Transfer values are those sums paid to, or received from, other pension schemes and relate to periods of previous pensionable employment. Transfer values have been included in the accounts on the basis of the date when agreements were concluded.

In the case of inter-fund adjustments provision has only been made where the amount payable or receivable was known at the year-end. Group transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income

5. Dividends and interest have been accounted for on an accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Interest is accrued on a daily basis. Investment income is reported net of attributable tax credits but gross of withholding taxes. Irrecoverable withholding taxes are reported separately as a tax charge. Investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Change in Market Value'. Foreign income has been translated into sterling at the date of the transaction. Income due at the year-end was translated into sterling at the rate ruling at 31 March 2016.

Investment Management and Scheme Administration

6. A proportion of relevant County Council officers' salaries, including salary on-costs, have been charged to the Fund on the basis of time spent on scheme administration and investment related business. The fees of the Fund's general investment managers have been accounted for on the basis contained within their management agreements. Investment management fees are accounted for on an accruals basis.

Expenses

7. Expenses are accounted for on an accruals basis.

Cash

8. Cash held in bank accounts and other readily accessible cash funds is classified under cash balances as it is viewed that these funds are not held for investment purposes but to allow for effective cash management. Cash that has been deposited

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

for a fixed period and as such as an investment, has been included under cash deposits.

Listed Private Equity

9. The fund holds a number of investments in listed private equity companies. These are included under equities as the investment is in a company that undertakes private equity related activities rather than an investment in a specific fund that makes private equity investments. This is consistent with the treatment of other equity investments as the fund does not split out any other categories from within equities, for example retail stocks.

Management Fees

10. Management fees have been accounted for based on the latest guidance from the Chartered Institute of Public Finance & Accountancy. Fees have been accounted for where the pension fund has a direct contractual obligation to pay them. This means where fees are deducted in a pooled fund they have been accounted for, but in a fund of funds the fees for the underlying funds are not included only those the pension fund pays to the fund of funds manager. This is a change from how management fees were previously accounted for where only fees that were invoiced to the fund were included.

Note 4 – Critical Judgements in Applying Accounting Policies

Unquoted Private Equity Investments

Determining the fair value of unquoted private equity investments is highly subjective in nature. Unquoted private equity investments are valued by the investment managers using various valuation techniques and this involves the use of significant judgements by the managers. The value of unquoted private equity investments at 31 March 2016 was £69.374m (£64.433m at 31 March 2015). All of the unquoted private equity investments at 31 March 2016 are included within the pooled investments category in the net assets statement.

Pension Fund Liability

The pension fund liability is calculated every three years by the Fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 26. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainties that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:-

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Item	Uncertainties	Potential Impact
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. The fund engages an actuarial firm to provide expert advice on the assumptions to be applied.	The actuarial present value of promised retirement benefits included in the financial statements is £2,863m. There is a risk that this figure is under, or overstated in Note 26 to the accounts.
Unquoted Private Equity	Unquoted private equity investments are valued at fair value using recognised valuation techniques. Due to the assumptions involved in this process there is a degree of estimation involved in the valuation.	Unquoted private equity investments included in the financial statements total £69.374m. There is a risk these investments are under, or overstated in the accounts.

Note 6 – Contributions

	2014/15 £'000	2015/16 £'000
Employers		
Normal	-45,611	-46,230
Augmentation	0	0
Deficit Funding	-19,446	-18,254
Costs of Early Retirement	-451	-2,047
	-65,508	-66,531
Members		
Normal	-20,692	-21,010
Additional *	-356	-354
	-21,048	-21,364
Total	-86,556	-87,895

Deficit recovery contributions are paid by employers based on the maximum 25 year recovery period set out in the Funding Strategy Statement. Where appropriate, the Actuary has shortened the recovery period for some employers to maintain as near stable contribution rates for those employers, in line with the Regulations.

*Local Government Scheme Additional Employees contributions are invested within the Fund, unlike AVCs which are held separately, as disclosed in Note 23.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

	Employer Contributions		Members Contributions	
	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000
Oxfordshire County Council	-30,817	-30,260	-9,837	-9,441
Scheduled Bodies	-30,859	-32,520	-9,909	-10,659
Resolution Bodies	-756	-745	-231	-225
Community Admission Bodies	-1,752	-1,639	-635	-583
Transferee Admission Bodies	-1,324	-1,367	-436	-456
Total	-65,508	-66,531	-21,048	-21,364

Note 7 – Transfers In

	2014/15 £'000	2015/16 £'000
Individual Transfers In from other schemes	-3,113	-4,325
Total	-3,113	-4,325

Note 8 – Other Income

Other Income for 2015/16 of £0.390m includes £0.368m reflecting the interest resulting from the unwinding of the discount for the long-term receivable recognised for transfers to Magistrates' Courts. The long-term receivable was calculated on a discounted cash flow basis. This resulted in a charge to the fund account in the year the long-term receivable was originally recognised representing the value of the discount. The discount is being written down over a ten year period. Further information regarding the deferred asset is included in Note 19.

Note 9 – Benefits

	2014/15 £'000	2015/16 £'000
Pensions Payable	59,484	62,029
Lump Sums – Retirement Grants	11,088	13,715
Lump Sums – Death Grants	1,658	1,300
Total	72,230	77,044

	Pensions Payable		Lump Sums	
	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000
Oxfordshire County Council	29,578	31,084	6,247	7,848
Scheduled Bodies	26,342	27,155	5,441	5,807
Resolution Bodies	488	504	50	222
Community Admission Bodies	2,736	2,909	797	924
Transferee Admission Bodies	340	377	211	214
Total	59,484	62,029	12,746	15,015

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 10 – Payment to and on account of leavers

	2014/15 £'000	2015/16 £'000
Refunds of Contributions	117	160
Payments for members joining state scheme	0	-18
Group Transfers Out to other schemes	0	153
Individual Transfers Out to other schemes	3,894	4,652
Total	4,011	4,947

Note 11 – Management Expenses

	2014/15 £'000	2015/16 £'000
Administrative Costs	1,292	1,293
Investment Management Expenses	3,744	7,069
Oversight & Governance Costs	398	389
Total	5,434	8,751

A further breakdown of investment management expenses is provided in Note 13.

Note 12 – Investment Income

	2014/15 £'000	2015/16 £'000
Fixed Interest Securities	-2,371	-2,750
Index Linked Securities	-782	-648
Equity Dividends	-16,859	-19,959
Pooled Property Investments	-3,162	-2,855
Pooled Investments – Unit Trusts & Other Managed Funds	-113	-385
Interest on Cash Deposits	-254	-191
Other – Securities Lending	-23	-81
	-23,564	-26,869
Irrecoverable Withholding Tax - Equities	81	138
Total	-23,483	-26,731

Note 13 – Investment Management Expenses

	2014/15 £'000	2015/16 £'000
Management Fees	3,675	7,007
Custody Fees	69	62
Total	3,744	7,069

Investment Manager & Custody Fees are generally calculated on a fixed scale basis with applicable rates applied to the market value of the assets managed. See note 3 for details of the accounting treatment of management fees for 2015/16.

Note 14 – Securities Lending

In January 2014 the Fund introduced an arrangement with its custodian BNP Paribas to lend eligible securities from within its portfolio to third parties in return for collateral. Lending is limited to a maximum of 25% of the aggregate market value of the Fund. Collateralised lending generated income of £0.081m in 2015/16 (2014/15 £0.023m). This is included within investment income in the Pension Fund Accounts. At 31 March 2016 £32.737m of stock was on loan, for which the fund held £33.411m worth of collateral. Collateral consists of acceptable securities and government and supranational debt.

Note 15 – Related Party Transactions

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

Members of the Pension Fund Committee and the post of Service Manager (Pensions, Insurance & Money Management) are the key management personnel involved with the Pension Fund. During 2015/16, the Committee consisted of nine County Councillors, two District Councillors and a beneficiary observer. Members of the Pension Fund Committee are disclosed in the Pension Fund Report and Accounts. An amount of £0.057m was paid to Oxfordshire County Council in respect of key management compensation during the financial year as follows:

	2014/15 £'000	2015/16 £'000
Short Term Benefits	51*	49
Long Term/Post Retirement Benefits	9	8
Total	60	57

* Includes allowances paid to the Chairman of the Pension Fund Committee

These figures represent the relevant proportion of the salary and employer pension contributions for the key Council staff, reflecting their work for the Pension Fund.

As the County Council is the designated statutory body responsible for administering the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2016, employer contributions to the Pension Fund from the County Council were £30.260m (2014/15 £30.817m). At 31 March 2016 there were receivables in respect of contributions due from the County Council of £3.168m (2014/15 £3.282m) and payables due to the County Council of £0.069m (2014/15 £0.066m) for support services.

The County Council was reimbursed £1.018m (2014/15 £1.042m) by the Pension Fund for administration costs incurred by the County Council on behalf of the Pension Fund.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 16 – Investments

	Value at 31 March 2015 £'000	Value at 31 March 2016 £'000
Investment Assets		
Fixed Interest Securities	87,748	93,220
Index Linked Securities	92,133	92,662
Equities	643,335	621,770
Pooled Investments	839,010	818,097
Pooled Property Investments	111,462	142,259
Derivatives:		
- Forward Currency Contracts	1,598	758
Cash Deposits	7,332	6,113
Investment Income Due	3,918	4,702
Amounts Receivable for Sales	3,090	4,058
Total Investment Assets	1,789,626	1,783,639
Investment Liabilities		
Derivatives:		
- Forward Currency Contracts	-393	-1,295
Management Expenses Due	-930	-976
Amounts Payable for Purchases	-3,319	-2,491
Total Investment Liabilities	-4,642	-4,762
Net Investment Assets	1,784,984	1,778,877

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 16a – Reconciliation of Movements in Investments and Derivatives

	Value at 1 April 2015	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31 March 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	87,748	310,987	-309,871	4,356			93,220
Index Linked Securities	92,133	18,846	-19,527	1,210			92,662
Equities	643,335	120,766	-106,010	-36,321			621,770
Pooled Investments	839,010	7,869	-14,399	-14,383			818,097
Pooled Property Investments	111,462	23,387	-9,748	17,158			142,259
Derivative Contracts							
FX	1,205	1,112,306	-1,110,020	-4,028			-537
Other Investment Balances							
Cash Deposits	7,332	15,096	-14,719	217	-1,813		6,113
Amounts Receivable for Sales of Investments	3,090					968	4,058
Investment Income Due	3,918					784	4,702
Amounts Payable for Purchases of Investments	-4,249					782	-3,467
Total	1,784,984	1,609,257	-1,584,294	-31,791	-1,813	2,534	1,778,877

Included within the above purchases and sales figures are transaction costs of £0.081m. Costs are also borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

There have been no employer-related investments at any time during the year.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

	Value at 1 April 2014	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	74,957	98,661	-91,655	5,785			87,748
Index Linked Securities	80,201	41,394	-45,526	16,064			92,133
Equities	590,179	101,381	-101,388	53,163			643,335
Pooled Investments	703,652	112,976	-73,526	95,908			839,010
Pooled Property Investments	97,287	11,229	-5,789	8,735			111,462
<u>Derivative Contracts</u>							
FX	-11	202,470	-204,263	3,009			1,205
<u>Other Investment Balances</u>							
Cash Deposits	10,285	64,501	-68,822	39	1,329		7,332
Amounts Receivable for Sales of Investments	2,360					730	3,090
Investment Income Due	3,233					685	3,918
Amounts Payable for Purchases of Investments	-2,288					-1,961	-4,249
Total	1,559,855	632,612	-590,969	182,703	1,329	-546	1,784,984

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 16b – Analysis of Investments (Excluding Derivative Contracts)

Fixed Interest Securities

	2014/15 £'000	2015/16 £'000
UK Public Sector	46,394	49,510
UK Other	4,420	-
Overseas Public Sector	36,934	43,710
Total	87,748	93,220

Index Linked Securities

	2014/15 £'000	2015/16 £'000
UK Public Sector Index Linked	92,133	92,662
Total	92,133	92,662

Equity Investments

	2014/15 £'000	2015/16 £'000
UK listed equities	436,277	430,437
Overseas Listed Equities:		
North America	126,281	132,225
Japan	23,702	17,777
Europe	43,193	36,670
Pacific Basin	749	-
Emerging Markets	13,133	4,661
Total	643,335	621,770

Pooled Investment Vehicles

	2014/15 £'000	2015/16 £'000
UK Registered Managed Funds – Property	23,207	26,019
Non UK Registered Managed Funds – Property	14,742	19,449
UK Registered Managed Funds – Other	433,063	428,705
Non UK Registered Managed Funds – Other	149,158	148,384
UK Registered Property Unit Trusts	64,070	84,741
Non UK Registered Property Unit Trusts	9,443	12,050
Non UK Registered Unit Linked Insurance Fund	256,789	241,008
Total	950,472	960,356

Total Investments (excluding derivative contracts)

	2014/15 £'000	2015/16 £'000
	1,773,688	1,768,008

Note 16c – Derivative Contracts

Objectives and policies

The Pension Fund Committee have authorised the use of derivatives by some of their Investment Managers as part of the investment strategy for the pension scheme.

The main objectives and policies followed during the year are summarised as follows:

Forward Foreign Exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Forward Foreign Exchange (FX)

The scheme had open FX contracts at the year-end as follows:

Contract	Settlement Date	Currency Bought	Currency Sold	Asset value	Liability value at	Net
		'000	'000	At year end £'000	year end £'000	Forward currency Contracts £'000
Forward OTC	1 month	5,688 GBP	11,100 AUD		-252	
Forward OTC	1 month	368 GBP	693 CAD		-5	
Forward OTC	1 month	16,387 GBP	21,000 EUR		-265	
Forward OTC	1 month	6,131 GBP	963,000 JPY	170		
Forward OTC	1 month	16,076 GBP	22,400 USD	491		
Forward OTC	1 month	77 GBP	923 SEK		-2	
Forward OTC	1 month	4,570 USD	3,266 GBP		-87	
Forward OTC	1 month	2,977 GBP	5,630 CAD		-51	
Forward OTC	1 month	67 GBP	86 EUR		-1	
Forward OTC	1 month	1,801 USD	1,280 GBP		-27	
Forward OTC	1 month	842 USD	1,130 CAD		-22	
Forward OTC	5 months	11,714 GBP	15,035 EUR		-263	
Forward OTC	1 month	733 GBP	937 EUR		-10	
Forward OTC	1 month	6,290 USD	4,458 GBP		-82	
Forward OTC	1 month	4,827 GBP	9,140 AUD		-64	
Forward OTC	1 month	336 GBP	54,033 JPY	1		
Forward OTC	1 month	4,388 USD	3,890 EUR	29	-61	
Forward OTC	1 month	1,544 GBP	2,930 AUD		-23	
Forward OTC	1 month	2,060 USD	1,444 GBP		-11	
Forward OTC	1 month	286 USD	32,543 JPY		-2	
Forward OTC	1 month	153 USD	17,172 JPY	1	-1	
Forward OTC	1 month	1,391 USD	156,307 JPY	5	-5	
Forward OTC	1 month	25,913 EUR	20,515 GBP	33		
Forward OTC	1 month	1,017,033 JPY	6,290 GBP	7		
Forward OTC	1 month	2,450 USD	1,703 GBP	2		
Forward OTC	1 month	20,523 GBP	25,900 EUR		-33	
Forward OTC	1 month	6,313 GBP	1,020,000 JPY		-8	
Forward OTC	1 month	1,703 GBP	2,450 USD		-2	
Forward OTC	1 month	23,170 AUD	12,385 GBP	14		
Forward OTC	1 month	7,453 CAD	4,004 GBP	5		
Forward OTC	1 month	12,381 GBP	23200 AUD		-13	
Forward OTC	1 month	4,002 GBP	7,450 CAD		-5	
Forward Currency Contracts at 31 March 2016				758	-1,295	-537
Prior Year Comparative						
Forward Currency contracts at 31 March 2015				1,598	-393	1,205

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 16d – Other Investment Balances

	2014/15 £'000	2015/16 £'000
<u>Receivables</u>		
Sale of Investments	3,090	4,058
Dividend & Interest Accrued	3,895	4,662
Inland Revenue	19	34
Other	4	6
	7,008	8,760
<u>Payables</u>		
Purchase of Investments	-3,318	-2,491
Management Fees	-921	-963
Custodian Fees	-10	-13
	-4,249	-3,467
Total	2,759	5,293

Cash Deposits

	2014/15 £'000	2015/16 £'000
Non-Sterling Cash Deposits	7,332	6,113
Total	7,332	6,113

The following investments represent more than 5% of the net assets of the scheme

	2014/15 £'000	% of Total Fund	2015/16 £'000	% of Total Fund
UBS Life Global Equities All Countries Fund	256,789	13.91	241,008	13.08
L&G World (ex-UK) Equity Index	154,278	8.36	154,912	8.41
L&G UK FTSE100 Equity Index	154,479	8.37	146,384	7.95
L&G Core Plus Bond Fund	109,953	5.96	113,220	6.15

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 17 – Current Assets

2015/16	Central Gov't Bodies	Local Authorities	NHS Bodies	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Receivables:						
Employer Contributions	2,884	3,438	16	0	977	7,315
Employee Contributions	243	1,097	5	0	361	1,706
Rechargeable Benefits	104	101		0	16	221
Transferred Benefits		150		0	16	166
Costs of Early Retirement	42	216		0	230	488
Inland Revenue	117					117
Other	30	954		0	96	1,080
Cash Balances					44,613	44,613
Total	3,420	5,956	21	0	46,309	55,706

2014/15	Central Gov't Bodies	Local Authorities	NHS Bodies	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Receivables:						
Employer Contributions	2,798	3,585	19	0	934	7,336
Employee Contributions	211	1,166	6	0	348	1,731
Rechargeable Benefits	60	942	0	3	17	1,022
Transferred Benefits	0	0	29	0	438	467
Costs of Early Retirement	19	260	0	0	162	441
Inland Revenue	63	0	0	0	0	63
Other	0	0	0	0	100	100
Cash Balances					39,031	39,031
Total	3,151	5,953	54	3	41,030	50,191

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 18 – Current Liabilities

2015/16	Central Government Bodies	Local Authorities	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000
Transferred Benefits	-80	0	0	-525	-605
Benefits Payable	-22	0	0	-937	-959
Inland Revenue	-885	0	0	0	-885
Costs of Early Retirement	-391	0	0	0	-391
Staff Costs	0	-67	0	-2	-69
Consultancy	0	-13	0	-22	-35
Other	-4	-24	-9	-40	-77
Total	-1,382	-104	-9	-1,526	-3,021

2014/15	Central Government Bodies	Local Authorities	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000
Transferred Benefits	0	0	0	-193	-193
Benefits Payable	0	0	0	-348	-348
Inland Revenue	-849	0	0	0	-849
Costs of Early Retirement	-390	0	0	0	-390
Staff Costs	0	-59	0	0	-59
Consultancy	0	0	-4	0	-4
Other	0	-11	0	-151	-162
Total	-1,239	-70	-4	-692	-2,005

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 19 – Long-Term Assets

2015/16	Central Government Bodies	Local Authorities	NHS Bodies	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Employer Contributions	9,977				24	10,001
Costs of Early Retirement	67	427	0	0	232	726
Total	10,044	427	0	0	256	10,727

2014/15	Central Government Bodies	Local Authorities	NHS Bodies	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Employer Contributions	11,795	0	0	0	27	11,822
Costs of Early Retirement	42	278	0	0	167	487
Total	11,837	278	0	0	194	12,309

Long-Term assets for 2015/16 include deferred receivables in relation to the transfer of staff to Magistrates' Courts for which a payment of £21.860m is due to be received in ten equal annual instalments, in line with the national agreement reached between Actuaries on behalf of Pension Funds, and the Government Actuary Department on behalf of the Government.

Note 20 - Assets under External Management

The market value of assets under external fund management amounted to £1,677.950m as at 31 March 2016. The table below gives a breakdown of this sum and shows the market value of assets under management with each external manager:

Fund Manager	31/03/2015		31/03/2016	
	Market Value £'000	%	Market Value £'000	%
Baillie Gifford	349,700	20.59	338,290	20.16
Legal & General	602,093	35.46	602,360	35.90
UBS	359,077	21.15	356,440	21.24
Wellington	226,635	13.35	216,560	12.91
Insight	84,221	4.96	79,010	4.71
Adams Street Partners	30,918	1.82	34,376	2.05
Partners Group	45,331	2.67	50,914	3.03
Total	1,697,975	100.00	1,677,950	100.00

Note 21 – Top 5 Holdings

Value of the Fund's Top Five Holdings at 31 March 2016	£'000	% of Fund
Electra Investment Trust	37,869	2.06
HG Capital Trust	22,454	1.22
British American Tobacco	19,783	1.07
Royal Dutch Shell	18,782	1.02
Bunzi	13,120	0.71

Note 22 – Taxation

The scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such the fund is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. However, the Scheme cannot reclaim certain amounts of withholding taxes relating to overseas investment income which are suffered in the country of origin.

Note 23 – Additional Voluntary Contributions

	Market Value 31 March 2015 £'000	Market Value 31 March 2016 £'000
Prudential	14,387	13,881

AVC contributions of £1.392m were paid directly to Prudential during the year. (2014/15 - £1.460m).

The AVC provider to the Fund is the Prudential. The assets of these investments are held separately from the Fund. The AVC provider secures additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year.

Note 24 – Contingent Liabilities

There are two contingencies to note:

1. The Museums, Libraries and Archive (MLA) Council. Staff from three of the regional MLA employers who were previous members of the Oxfordshire County Council Pension Fund transferred to the MLA Council on 6 April 2009 and 31 March 2010. Actuaries are currently working on the calculation of the payments to be made to the Premium section of the Principal Civil Service Pension Scheme in relation to the transfer of past service rights.
2. In 2013/14 the Pension Fund received a Final Determination from the Pension Ombudsman, in which he has instructed the Administering Authority to pay compensation to a complainant as a result of mal-administration. The final level of compensation is contingent on the circumstances of the complainant over the next eight years, though the maximum payment has been calculated as approximately £0.160m plus pensions increase.

As at 31 March 2016 the fund had outstanding capital commitments (investments) totalling £39.511m (31 March 2015 - £46.511m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the pooled investments and pooled property fund elements of the investment portfolio. The amounts 'called' by these funds are irregular in both size and timing from the date of the original commitment due to the nature of the investments.

Note 25 – Statement of Investment Principles

Oxfordshire County Council Pension Fund has a statement of investment principles (SIP). This is published in the Pension Fund Annual Report and Accounts which is circulated to all scheme employers and is also available on the Council's internet.

Note 26 - Actuarial Present Value of Promised Retirement Benefits

	2015 £'000	2016 £'000
Present Value of Funded Obligation	2,940,743	2,863,405

Present Value of Funded Obligation consists of £2,784.675m (2015 – £2,848.943m) in respect of Vested Obligation and £78.730m (2015 – £91.800m) in respect of Non-Vested Obligation. The movement from March 2015 can in part be explained by the normal changes over the year as new benefits are accrued and previous benefits paid out. This explains an increase in the present value of the Funded Obligation of £134.859m (2015 - £121.930m).

There has been a reduction in the present value of the Funded Obligation of £212.197m (2015 - £340.124m increase) reflecting a change in the actuarial assumptions as a consequence of changes in the financial markets. The key changes in financial assumptions were:

- A decrease in the assumed level of CPI and therefore pension increase from 2.4% to 2.3% (net effect a decrease in Present Value of Funded Obligation)
- A reduction in the assumed level of pay increases from 4.2% to 4.1% (net effect a reduction in Present Value of Funded Obligation)
- An increase in the discount factor from 3.3% to 3.6% (net effect a decrease in Present Value of Funded Obligation).

Note 27 - Financial Instruments

Note 27a – Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

	2014/15			2015/16		
	Fair Value through Profit & Loss £'000	Loans & Receivables £'000	Financial Liabilities at Amortised Cost £'000	Fair Value through Profit & Loss £'000	Loans & Receivables £'000	Financial Liabilities at Amortised Cost £'000
Financial Assets						
Fixed Interest Securities	87,748			93,220		
Index Linked Securities	92,133			92,662		
Equities	643,335			621,770		
Pooled Investments	839,010			818,097		
Pooled Property Investments	111,462			142,259		
Derivatives	1,598			758		
Cash		46,363			50,726	
Other Investment Balances	6,990			8,727		
Receivables		90			137	
	1,782,276	46,453	0	1,777,493	50,863	0
Financial Liabilities						
Derivatives	-393			-1,295		
Other Investment Balances	-4,249			-3,468		
Payables			-219			-156
	-4,642	0	-219	-4,763	0	-156
Total	1,777,634	46,453	-219	1,772,730	50,863	-156

Note 27b – Net Gains and Losses on Financial Instruments

	31 March 2015 £'000	31 March 2016 £'000
Financial Assets		
Fair Value through Profit and Loss	179,655	-27,980
Loans and Receivables	39	217
Financial Liabilities		
Fair Value through Profit and Loss	3,009	-4,028
Financial Liabilities Measured at Amortised Cost	0	0
Total	182,703	-31,791

Note 27c – Valuation of Financial Instruments Carried at Fair Value

Financial instruments have been classified in to one of the following three categories to reflect the level of uncertainty in estimating their fair values:

Level 1

Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Fair value is based on inputs other than quoted prices included within Level 1 that are observable either directly (i.e., from prices) or indirectly (i.e., derived from prices).

Level 3

Fair value is determined by reference to valuation techniques using inputs that are not observable in the market.

Included within Level 3 are pooled private equity investments made in Limited Liability Partnerships where fair value is determined using valuation techniques which involve significant judgements by fund managers due to the unquoted nature of the fund investments. Fund of funds hedge fund investments are included within Level 3 of the hierarchy as the fair value is based on the sum of the fair values of the underlying funds, which are unlisted, as provided by the fund administrators and is subject to adjustments by the Directors of the fund of funds as deemed appropriate. Some listed private equity investments have been included within Level 3 of the hierarchy where it has been determined that the market for the fund is inactive.

Categorisation of financial instruments within the levels is based on the lowest level input that is significant to the fair value measurement of the instrument.

The following table presents the Fund's financial assets and liabilities within the fair value hierarchy.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Value at 31 March 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	766,847	909,725	100,921	1,777,493
Loans and Receivables	50,863	0	0	50,863
Total Financial Assets	817,710	909,725	100,921	1,828,356
Financial Liabilities				
Financial Liabilities at Fair Value through Profit and Loss	-3,468	-1,295	0	-4,763
Financial Liabilities at Amortised Cost	-156	0	0	-156
Total Financial Liabilities	-3,624	-1,295	0	-4,919
Net Financial Assets	814,086	908,430	100,921	1,823,437

Value at 31 March 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	775,272	918,622	88,382	1,782,276
Loans and Receivables	46,453	0	0	46,453
Total Financial Assets	821,725	918,622	88,382	1,828,729
Financial Liabilities				
Financial Liabilities at Fair Value through Profit and Loss	-4,249	-393	0	-4,642
Financial Liabilities at Amortised Cost	-219	0	0	-219
Total Financial Liabilities	-4,468	-393	0	-4,861
Net Financial Assets	817,257	918,229	88,382	1,823,868

Note 28 - Risk

The Pension Fund is subject to risk in terms of its key responsibility to meet the pension liabilities of the scheme members as they become due. These risks relate to the value of both the assets and the liabilities of the Fund and the timing of when the payment of the liabilities becomes due.

At a strategic level, the main tools used by the Pension Fund to manage risk are:

- The tri-annual Fund Valuation which reviews the assets and liabilities of the Fund, and resets employer contribution rates to target a 100% Funding Level. The 2013 Valuation estimated that the current Funding Level is only 82%, but set contribution rates to address the deficit over the next 25 years.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

- The Statement of Investment Principles which sets out the Fund's approach to the investment of funds, and specifically sets out the approach to the mitigation of investment risk.
- The review of the Strategic Asset allocation to ensure compliance with the Statement of Investment Principles.
- The regular review of the performance of all Fund Managers.

Key elements of the approach to managing the investment risk as set out in the Statement of Investment Principles include:

- Maintaining an element of the asset allocation in fixed income securities, the behaviour of which most closely mirrors that of the Fund liabilities. The allocation to fixed income securities is constantly reviewed with the proposal that the allocation will increase as the maturity of the fund increases. Whilst the Fund maintains a high proportion of active members where the payment of liabilities is not due for many decades, the Fund can afford to seek the higher investment returns associated with the more volatile asset classes.
- Maintaining an element of the asset allocation in passive equity funds which remove the risk associated with poor manager performance (though retaining the market risk).
- Ensuring a diversification amongst asset classes, and in particular an allocation to alternative asset classes for which performance has historically not correlated to equity performance.
- Ensuring a diversification of Fund Managers and investment styles (e.g. some with a growth philosophy, some with a value philosophy) to mitigate the risk of poor manager performance impacting on asset values.
- Restrictions on investments in line with the LGPS Investment Management Regulations, which set limits for total exposure to different investment classes, investment types etc.

The key risks associated with the level of liabilities stem from the level of initial pension benefit payable, the indexation of this benefit and the time the benefit is in payment for. These risks largely lie outside the control of the Pension Fund. Recently, changes to the scheme have been made with the aim of making the scheme more sustainable including; linking the normal retirement age to future estimates of life expectancy to bring stability to the length of time benefits are in payment, a change in the calculation of benefits to career average revalued earnings to avoid the sudden hike possible in final benefits possible under a final salary scheme, and a switch in the basis of indexation to CPI which is generally lower than the RPI alternative.

The Actuary when completing the 2013 Valuation undertook sensitivity analysis calculations to look at the impact on potential liabilities and the funding level. A variation of 0.5% per annum in the discount rate would move the calculated funding level from 82% down to 76% or up to 90%. A change in the CPI assumption of 0.5% per annum would lead to a reduction in the funding level to 76% or an increase to 89%.

In terms of the investment in the various Financial Instruments open to the Pension Fund, the Fund is exposed to the following risks:

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

- Credit risk – the possibility of financial loss stemming from other parties no longer being able to make payments or meet contractual obligations to the Pension Fund.
- Liquidity Risk – the possibility that the Pension Fund might not have the funds available to meet its payment commitments as they fall due.
- Market Risk – the possibility that the Pension Fund may suffer financial loss as a consequence of changes in such measures as interest rates, market prices, and foreign currency exchange rates.

Credit Risk

The Pension Fund's, credit risk is largely associated with the Fund's investments in Fixed Interest and Index Linked Securities, Cash Deposits and Short Term loans, where there is a risk that the other parties may fail to meet the interest or dividend payments due, or fail to return the Fund's investment at the end of the investment period.

At 31 March 2016 the Fund's exposure to credit risk predominantly related to the following investments:

Investment Category	31 March 2015	31 March 2016
	£'000	£'000
UK Government Gilts	46,394	49,510
UK Corporate Bonds	114,373	113,220
UK Index Linked Gilts	92,133	92,662
Overseas Government Bonds	36,934	43,710
Non-Sterling Cash Deposits	7,332	6,113
Cash Balances	39,031	44,613
Total	336,197	349,828

The Pension Fund manages the credit risk by ensuring a diversification of investments both in terms of product and in terms of redemption dates, whilst limiting investments made to sub-investment grade bonds to those made through pooled funds. Corporate Bonds are held through a pooled fund vehicle and up to 15% of holdings can be invested in sub-investment grade bonds. Cash held in sterling at 31 March 2016 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance as at 31 March 2015	Rating	Balance as at 31 March 2016
		£'000		£'000
Money Market Funds				
Ignis Asset Management	AAA	5,504	AAA	7,187
Bank Current Accounts				
Lloyds Bank Plc	A	5,126	A+	7,213
BNP Paribas	A+	28,401	A	36,326
Total		39,031		50,726

The Pension fund has no experience of default against which to quantify the credit risk against the current investments.

Liquidity Risk

Liquidity risk represents the risk that the Fund will be unable to meet its financial obligations as they fall due. At the present time, the Liquidity risk is seen, relatively, as the greatest threat to the Pension Fund, although the absolute risk itself is still seen to be very low, particularly in the short term.

During 2015/16 the Pension Fund received/accrued income related to dealings with members of £92.6m (2014/15 - £90.1m) and incurred expenditure related to dealings with members of £87.9m (2014/15 - £82.0m). There were further receipts/accruals of £26.9m (2014/15 - £23.6m) in respect of investment income, against which need to be set taxes of £0.1m (2014/15 - £0.1m). The net inflow was therefore £31.5m (2014/15 - £31.6m).

These figures indicate significant levels of flexibility around the levels of cash available to meet liabilities as they are due. A cash flow forecast is maintained for the Fund to understand and manage the timing of the Fund's cash flows. On a daily basis, the Fund holds a minimum of £10m of cash in call accounts and money market funds to meet benefit payments due, drawdowns from the private equity fund managers, and other payments due from the Fund.

The Fund would need to experience a significant change in either the levels of contributions received, and/or the levels of benefits payable, as well as the loss of all current investment income, before it might be required to liquidate assets at financial loss.

There are risks in this area going forward as a result of the scale of the reductions in public expenditure, and the resulting impact on active scheme membership. The reductions in public sector expenditure will impact on the liquidity of the Pension Fund both in terms of a reduction in contributions receivable as the workforce shrinks, as well as an increase in benefits payable as staff above the age of 55 are made redundant and become entitled to early payment of their pension.

However, as noted above, for the Fund to reach a position where it is forced to sell assets and therefore face a potential financial loss, (as well as to forego future investment returns which have been assumed to meet pension liabilities in the future), the net movement in cash would be equivalent to a reduction in contributions received or benefits payable in the region of 35%. Movements of this scale are deemed highly unlikely in the medium-term. The Pension Fund will seek to mitigate these risks through working with employers to understand the potential for any significant membership changes and by monitoring the fund's cashflows. The fund will also provide advice to the Government on the impact of any proposals for change, as well providing clear communication to current scheme members of the on-going benefits of scheme membership and the personal risks to their future financial prospects of opting out at this time.

Market Risk

The whole of the Pension Fund's investment asset base is subject to financial loss through market risk, which includes the impact of changes in interest rates, movements in market prices and movements in foreign currency rates. However, as noted above under the liquidity risk, these financial losses are not automatically realised, as all assets held by the

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Pension Fund are done so on a long term basis. Subject to the liquidity risk above, it is likely to be many years into the future before any assets will be required to be realised, during which time market risk will have the opportunity to even itself out.

Market risk is generally managed through diversification of investments within the portfolio in terms of asset types, geographical and industry sectors, and individual securities.

Whilst widespread recession will drive down the value of the Fund's assets and therefore funding level in the short term, this will have no direct bearing on the long term position of the Fund, nor the contribution rates for individual employers. Under the LGPS Regulations, the Fund Actuary is required to maintain as near stable contribution rate as possible, and as such the Valuation is based on long term assumptions about asset values, with all short term movements smoothed to reflect the long term trends.

Interest Rate Risk

The direct exposure of the fund to interest rate risk and the impact of a 100 basis point movement in interest rates are presented in the table below. This analysis assumes that all other variables remain constant:

Asset Type	Carrying Amount as at 31 March 2016	Change in Year in the Net Assets Available to Pay Benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	6,113	61	-61
Cash Balances	44,613	446	-446
Fixed Interest Securities	299,102	2,991	-2,991
Total Change in Assets Available	349,828	3,498	-3,498

Asset Type	Carrying Amount as at 31 March 2015	Change in Year in the Net Assets Available to Pay Benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	7,332	73	-73
Cash Balances	39,031	390	-390
Fixed Interest Securities	289,834	2,898	-2,898
Total Change in Assets Available	336,197	3,361	-3,361

In the short term, interest rate risk is difficult to quantify in that it impacts directly on both the price of fixed interest and index linked securities as well as the discount factor used to value liabilities. Increases in interest rates which will drive down security prices and asset values will also reduce the future pension liabilities and therefore improve funding levels rather than worsen them.

Currency Risk

Currency risk concerns the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to foreign exchange risk on financial instruments that are denominated in currencies other

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

than the Fund's functional currency (£GBP). Risks around foreign currency rates are mitigated in part by allowing the Fund Managers to put in place currency hedging arrangements up to the value of the stock held in a foreign currency (also see note 16c).

Based on the Fund's exposure to various currencies at 31 March 2016 and data on the level of volatility associated with these currencies it has been determined that the likely volatility associated with exchange rate movements is 12.9%. This is based on the one year implied volatility of the currency pairs to which the fund has exposure.

This analysis assumes that all other variables remain constant.

The table below shows the impact a 12.9% weakening/strengthening of the pound against the various currencies would have on the assets available to pay benefits:

Currency Exposure - Asset Type	Asset Values as at 31 March 2016	Change in Year in the Net Assets Available to Pay Benefits	
		+12.9%	-12.9%
	£'000	£'000	£'000
Overseas Equities	191,333	24,634	-24,634
Pooled Overseas Equities	395,920	50,975	-50,975
Pooled Private Equity (LLPs)	65,841	8,477	-8,477
Pooled Property	31,499	4,055	-4,055
Cash	6,113	787	-787
Total Change in Assets Available	690,706	88,928	-88,928

Currency Exposure - Asset Type	Asset Values as at 31 March 2015	Change in Year in the Net Assets Available to Pay Benefits	
		+10.8%	-10.8%
	£'000	£'000	£'000
Overseas Equities	207,058	22,321	-22,321
Pooled Overseas Equities	411,066	44,313	-44,313
Pooled Private Equity (LLPs)	61,508	6,631	-6,631
Pooled Property	24,185	2,607	-2,607
Cash	7,332	790	-790
Total Change in Assets Available	711,149	76,662	-76,662

Other Price Risk

Other price risk represents the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or foreign exchange risk.

All investments in securities present a risk of loss of capital. The maximum risk is the fair value of the financial instrument.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Based on an analysis of historical data, movements in market price that are reasonably possible have been determined. This is based on a one standard deviation movement in historical price data over a one year period. These are presented in the table below along with the effect on total assets available to pay benefits assuming all other factors remain constant:

Asset Type	Value as at 31 March 2016 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	555,048	18.4	657,288	452,808
Pooled UK Equities (Small Cap)	14,188	9.8	15,577	12,799
Global Equities	213,106	13.7	242,259	183,953
Diversified Growth Fund	79,010	4.2	82,321	75,700
Pooled Global Equities	241,008	15.8	279,022	202,994
Pooled Overseas Equities	154,912	13.3	175,500	134,324
UK Bonds	49,511	7.8	53,362	45,659
Overseas Bonds	43,710	8.2	47,285	40,134
UK Index Linked Bonds	92,662	13.1	104,838	80,486
Pooled Corporate Bonds	113,221	5.6	119,512	106,929
Pooled Private Equity (LLPs)	69,374	9.8	76,166	62,583
Pooled Property	142,259	1.9	145,031	139,487
Cash	50,726	0.0	50,726	50,726
Total Assets Available to Pay Benefits	1,818,735	12.7	2,048,887	1,588,582

Asset Type	Value as at 31 March 2015 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	570,090	11.9	637,928	502,249
Pooled UK Equities (Small Cap)	14,353	7.4	15,410	13,297
Global Equities	227,725	9.5	249,336	206,114
Diversified Growth Fund	84,221	3.5	87,161	81,282
Pooled Global Equities	256,789	10.9	284,687	228,891
Pooled Overseas Equities	154,278	9.1	168,256	140,301
UK Bonds	50,814	5.4	53,579	48,050
Overseas Bonds	36,934	6.2	39,209	34,659
UK Index Linked Bonds	92,133	8.9	100,360	83,905
Pooled Corporate Bonds	109,953	4.3	114,682	105,224
Pooled Hedge Funds	503	3.5	521	485
Pooled Private Equity (LLPs)	64,433	7.4	69,201	59,665
Pooled Property	111,462	1.6	113,221	109,703
Cash	46,366	0.0	46,375	46,357
Total Assets Available to Pay Benefits	1,820,054	8.8	1,979,926	1,660,182

Note 29 - Events After The Balance Sheet Date

A referendum on the United Kingdom's membership of the European Union (EU) took place on 23 June 2016. The vote to leave the EU has increased political and economic uncertainty. The impact of the result on the Oxfordshire County Council Pension Fund will become clearer over the next couple of years.

Actuarial Valuation

The contribution rates within the 2015/16 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2013.

This valuation showed that the required level of contributions to be paid to the Fund by the County Council for the year ended 31 March 2016 was 19.9% of Pensionable Pay. The corresponding rates of contribution that are required from the major participating employers for this period are:

	% Pay	Additional Monetary Amounts £'000
South Oxfordshire District Council	12.3	725
West Oxfordshire District Council	14.4	-
Cherwell District Council	13.7	1,526
Oxford City Council	20.6	-
Vale of White Horse District Council	13.1	677
Oxford Brookes University	14.1	1,560

The funding policy of the scheme is set out in the Funding Strategy Statement and can be summarised as follows:-

- To enable Employer contribution rates to be kept as stable as possible and affordable for the Fund's Employers.
- To make sure the Fund is always able to meet all its liabilities as they fall due.
- To manage Employers' liabilities effectively.
- To enable the income from investments to be maximised within reasonable risk parameters.

The actuarial method used to calculate the future service contribution rate for most Employers was the Projected Unit Method with a one year control period. The Attained Age Method has been used for some Employers who do not permit new employees to join the fund. These calculations draw on the same assumptions used for the funding target.

The market value of the Fund's assets at the valuation date was £1,523.7m. The smoothed market value¹ of the Fund's assets at the valuation date was £1,510.1m representing 82% of the Fund's accrued liabilities, allowing for future pay increases. The Actuary has certified contribution rates for all Fund employers from 1 April 2014, which subject to the financial assumptions contained in the valuation, would result in the deficit being recovered over a period of no more than 25 years.

The contribution rates have been calculated using assets at their smoothed market value and financial assumptions which are consistent with the assets being taken at their smoothed market value. The main financial assumptions were as follows:

¹The smoothed market value is the six month average of the market value straddling the valuation date.

THE LOCAL GOVERNMENT PENSION FUND ACTUARIAL VALUATION

Assumptions for the 2013 Valuation	Annual Rate %
Inflation	3.5
Pension Increases	2.7
Short-Term Pay Increases*	2.7
Long-Term Pay Increases	4.5
Discount Rates for Periods	5.8

*Short-term pay increases are for the two year period to 31 March 2015.

Assumptions are also made on the number of leavers, retirements and deaths. One of the important assumptions is the mortality of existing and future pensioners. Mortality rates have been based on up to date national standard tables adjusted for the recent experience of the Oxfordshire County Council Pension Fund and make allowance for an expectation of further improvements in mortality rates in the future.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL

Independent auditor's report to the members of Oxfordshire County Council

Opinion on the Authority and firefighters' pension fund financial statements

We have audited the financial statements and the firefighters' pension fund financial statements of Oxfordshire County Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority Movement in Reserves Statement,
- Authority Comprehensive Income and Expenditure Statement,
- Authority Balance Sheet,
- Authority Cash Flow Statement, and
- The firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Oxfordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 14, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's and the firefighters pension

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL

fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Oxfordshire County Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL

Conclusion on Oxfordshire County Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the Oxfordshire County Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Oxfordshire County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Oxfordshire County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OXFORDSHIRE COUNTY COUNCIL**

Certificate

We certify that we have completed the audit of the accounts of Oxfordshire County Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY COUNCIL

Independent Auditor's Report to the Members of Oxfordshire County Council

Opinion on the pension fund financial statements

We have audited the pension fund financial statements for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement, the Statement of Accounting Policies and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Oxfordshire County Council in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 14, the Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OXFORDSHIRE COUNTY COUNCIL**

Opinion on financial statements

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2016 and the amount and disposition of the fund's assets and liabilities as at 31 March 2016; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Melissa Hargreaves (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Manchester
September 2016

Annual Governance Statement 2015/16

INTRODUCTION

1. Good corporate governance means that:

- The purpose and vision of the Council is clear to everyone;
- The Council has clear values, focusing on customers and the way we work;
- There is robust engagement and consultation with local people and stakeholders;
- Councillors and officers have clear functions, roles and responsibilities and training;
- Standards of conduct and behaviour are high, and meet the values of the Council;
- Decisions are taken in an informed, transparent and accountable way, focusing on outcomes for the community;
- Decisions are the subject of review and scrutiny;
- Risks are considered and managed to a reasonable level;
- There are internal controls on decisions and actions; and that
- Each year, the governance structure itself is reviewed and updated, progress planned last year is checked and there are new plans for further improvements.

Corporate governance is about ensuring that we do the right things, in the right way, for the right people in an accountable, honest, inclusive, open and timely manner. Excellent systems, processes, cultures and values are needed to control the Council and engage with and lead Oxfordshire to meet the needs of residents.

2. This Statement describes the corporate governance in Oxfordshire County Council in 2015/16 and up to the date of approval of the Statement of Accounts. It also shows how systems have been reviewed and will be improved. This Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015.

3. The Council is subject to other complex legal requirements in this area. We:

- Are responsible for ensuring that our business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that it is used economically, efficiently and effectively;
- Have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness; and
- Are responsible for putting in place proper arrangements for the governance of our affairs and facilitating the effective exercise of our functions and managing risk.

4. Oxfordshire County Council has adopted a 'Code of corporate governance', which is consistent with the principles of the CIPFA/SOLACE² Framework 'Delivering Good Governance in Local Government'. A copy of our 'Code' is on our public website³.

² Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives

³ <http://www.oxfordshire.gov.uk/cms/public-site/corporate-governance>

5. The result is our 'governance framework'. This is the system that we use to direct and control the activities of the Council. We use this system to check whether we achieve our objectives and deliver appropriate services and value for money. Internal controls – such as internal audit - are an important part of our governance framework. They help us identify and manage risks. Internal controls cannot eliminate all risks, but they do provide a reasonable level of assurance.
6. This statement covers all services including the Fire & Rescue Service. However the Fire & Rescue Service are required to produce a separate Statement of Assurance which will supplement this statement. A copy of the Fire and Rescue Service Annual Statement of Assurance for 2015/16 can be found on our public website at:
<http://www.oxfordshire.gov.uk/cms/content/oxfordshire-fire-and-rescue-service-performance>
7. The following sections cover the key elements of our Council's governance framework:
 - A vision for Oxfordshire
 - Equalities
 - Consultation and Communication
 - Decision making structures
 - Senior Management
 - Controls Information, Projects and ICT
 - Codes of Conduct
 - Training

Further sections cover working with others:

- Schools
- Partnerships

Next, processes to ensure that good governance is in place:

- Measuring and Managing service performance
- Compliance, Risks, Complaints and Whistleblowing
- Internal Audit
- Checking the Effectiveness of our Governance

Then we review past plans, review our effectiveness and introduce new plans:

- Progress in 2015/16
- Review of effectiveness
- Action Plans to be followed up in 2016/17

And finally, the signatures of our Leader and County Council Management Team (CCMT) officers show their approval of our Annual Governance Statement.

OUR GOVERNANCE FRAMEWORK

A vision for Oxfordshire

8. Oxfordshire County Council's ambition, as set out in the updated [2014/15 – 2017/18 Corporate Plan](#), is for a county where local residents and businesses can flourish - a Thriving Oxfordshire. To us this means having:
- A Thriving Economy - with small businesses starting, existing small businesses growing, and large businesses choosing to locate here, creating good jobs for local people. A strong economy makes everything else possible.
 - Thriving People and Communities - where residents are empowered to help themselves and can contribute to what happens locally, and where everyone can make informed decisions about their health and wellbeing.
 - A Safety Net – where we support and safeguard some of the county's most vulnerable residents, focusing on those we have a duty to consider, such as older people, disabled adults, and children. We must ensure these residents are aware of, and are easily able to access, the services and care to which they are entitled.
9. We will work to achieve these objectives by delivering essential core services and playing a key leadership role within the county to bring partners together to encourage the best possible outcomes for the residents of Oxfordshire. We will also, wherever appropriate, look first at how we can help people and communities to help themselves.
10. In 2015/16 our Corporate Plan was supported by Directorate Business Strategies which set out how the work will be delivered.

Equalities

11. Oxfordshire County Council is committed to making Oxfordshire a fair and equal place in which to live, work and visit. We want our services to effectively meet the needs of all local residents, including those in rural areas and areas of deprivation. We also aim to ensure that our staff are equipped with the knowledge and skills to meet the diverse needs of customers, that our services are accessible, and to encourage supportive and cohesive communities through our service delivery.
12. In 2012 we launched our Equality Policy setting out how we aim to achieve this goal, as well as meet our obligations under the Equality Act 2010. In our Equality Policy 2012-17, we set ourselves the following objectives:
1. Understanding the needs of individuals and communities
 2. Providing accessible, local and personalised services, including to rural areas and areas of deprivation
 3. Supporting thriving and cohesive communities
 4. Promoting a culture of fairness in employment and service delivery

These key equality objectives align closely with the council's overall strategic objectives, as set out in the council's Corporate Plan.

13. We have set of specific and measurable actions for Directorates to work toward each year in support of achieving these objectives, and we report annually to Cabinet on progress against these.
14. In addition, the Public Sector Equality Duty within the Equality Act requires us to consider how the decisions that we make, and the services we deliver, affect people who share different protected characteristics. We must publish information to demonstrate that we have done this. To meet this obligation we produce and publish Service and Community Impact Assessments (SCIAs) to review the potential impact of new and updated policies and service delivery decisions.
15. The Public Sector Equality Duty also requires us to publish information to demonstrate we have considered how our activities as an employer affect people who share different protected characteristics. We publish an Annual Equality in Employment report to monitor the extent to which we achieve this.

Consultation and Communication

16. Oxfordshire County Council's Communication team manages communication with residents, staff and other local and national stakeholders. Its activities include:
 - Generating positive media coverage to support council campaigns and priority issues
 - Managing incoming media inquiries and briefing stakeholders on issues related to council policy;
 - Delivering communication campaigns in support of council business objectives using cost-effective channels including social media

Council staff are kept informed about important workplace developments via a monthly all-staff newsletter with links to information on the Intranet, and regularly cascaded briefings. The Council holds an annual staff conference, which enables senior managers to communicate with staff about change and future direction.

All communication complies with the statutory Code of Recommended Practice on Local Authority Publicity, and the annual corporate communication plan is agreed with CCMT, cabinet members and political group leaders.

Oxfordshire County Council also has established public affairs channels managed by the Policy team for communicating with county councillors, local Members of Parliament (MPs), representatives from district councils and other local and national partners. This includes a monthly MPs briefing.

17. Our website includes our 'Transparency' information, as required by the Local Government Transparency Code.
18. The council ensures it meets its statutory consultation duty by using a consistent approach to consulting service users and other stakeholders about proposed service change.

19. We also have well established consultation and involvement arrangements to specifically engage the community and its staff. There is a council-wide Consultation & Involvement Strategy, a research governance framework covering consultation, evaluation and research with adult social care customers and a dedicated engagement team working with children and young people and vulnerable adults. Details of the Council's consultation and involvement activities such as service and policy change consultations, surveys of our Citizens' Panel 'Oxfordshire Voice', service user events and Sounding Boards are published on an online consultation calendar that can be found at: <http://www.oxfordshire.gov.uk/consultation>.
20. Oxfordshire County Council analyses a wide range of evidence and information, and this is available for use in the development of strategy, policy, and in service planning and delivery. Examples of this include feedback from consultation and involvement activities and the use of data about the lifestyle types and needs of people in different parts of Oxfordshire to inform decisions on targeting services. The impact of budget and service change decisions on vulnerable groups is monitored through the production of Service and Community Impact Assessments as part of our budget and service change process, and these are supported by statistical information relating to those groups, refreshed annually.
21. The County Council's Research and Intelligence Team manages the 'Oxfordshire Insight' website, which provides an open platform for sharing information and statistics on Oxfordshire. The team proactively communicates data to staff and councillors to encourage an evidence based approach to decision-making. We also attach great importance to engaging with communities that wish to maintain and improve their local areas, and in addition to providing data to support Community-Led Planning the council is engaged in "Oxfordshire Together", a major programme to encourage town and parish councils to take on delivery of some services which are no longer financially viable for the county council.
22. Oxfordshire's Joint Strategic Needs Assessment (JSNA) – a shared evidence base required by the Health and Social Care Act - is actively maintained, with an annual summary report considered by the Health and Wellbeing Board as part of their priority-setting process, in particular providing the foundation for the Oxfordshire Health and Wellbeing Strategy. This evidence base identifies the health needs of the local community and other factors affecting health outcomes, with trends over time and by local area where available. The JSNA also provides much of the evidence base for the Director of Public Health's Annual Report, and directly informs the approach to commissioning taken by the County Council and other partners.

Decision making structures

23. Oxfordshire County Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet, Scrutiny and other Committees in the budget setting and policy and decision making processes. It notes the legal requirements. The County Council's Corporate Plan supplements our Policy Framework. These formal policies are approved by full Council in accordance with the provisions of Oxfordshire County Council's Constitution.

24. The Constitution also sets out a scheme of delegation. The Chief Finance Officer approves the financial scheme and the Monitoring Officer approves the decision making scheme. The Constitution also records what responsibility each Oxfordshire County Council body or individual delegate (councillor or officer) has for particular types of decisions or areas or functions. The Constitution requires that all decisions taken by or on behalf of the County Council are made in accordance with given principles.
25. The Constitution also sets out how the public can take part in the decision making process. The Cabinet's Forward Plan alerts the public to what business the Cabinet will be undertaking to give members of the public the right to make representations before a decision is taken. Some of the responsibilities of the County Council committees require statutory consultation to precede a decision being taken.
26. The Constitution is reviewed annually by the Monitoring Officer with recommendations of changes being made to Full Council for consideration and adoption.
27. There is a thirty minute Question Time at all Cabinet and individual Cabinet Member delegated decisions. Any councillor may, by giving notice, ask a question on any matter in respect of the Cabinet's delegated powers. The number of questions which may be asked by any councillor at any one meeting is limited to two (or one question with notice and a supplementary question at the meeting). As with questions at Council, any questions which remain unanswered at the end of this item receive a written response.
28. The Council has retained its procedure for dealing with Councillor Calls for Action and retains a duty on Directors to respond to petitioners within 10 working days.
29. Oxfordshire County Council has an Audit & Governance Committee which operates in accordance with the CIPFA guidance 2013 and normally meets six times a year. The County Council also operates an Audit Working Group, made up of members of the Committee and Senior Officers, chaired by a co-opted member of the Audit & Governance Committee. The Audit Working Group looks in detail at specific areas of governance, risk or control under the direction of the Audit & Governance Committee.
30. The Monitoring Officer monitors and reviews the operation of the Constitution to ensure that its aims, principles and requirements are given full effect and makes recommendations on any necessary amendments to it to Full Council. They are authorised to make any changes to the Constitution which require compliance with the law; or to give effect to decisions of the Council or (so far as within their powers) the Cabinet, Review and Scrutiny committee and ordinary committees; or to correct errors and otherwise for accuracy or rectification. All other changes to the Constitution will only be approved by the full Council after consideration of a recommendation from the Monitoring Officer.

Senior Management

31. The Head of Paid Service is responsible for co-ordinating the different functions of the council, staff appointment, organisation, management, numbers and grades. Additional responsibilities are set out in the Constitution include supporting councillors and the democratic process, overall corporate management and promoting our objectives,

performance management, strategic partnership, the community strategy, media and communications.

32. Our Chief Finance Officer holds the statutory role of 'Chief Financial Officer' within the Council. In 2010 CIPFA issued a Statement on the "Role of the Chief Financial Officer in Local Government"⁴. This outlines five principles that define the core activities and behaviours that belong to the role of Chief Financial Officer and the governance requirements needed to support them. A self-assessment confirms that the Council's financial management arrangements conform with the governance principles of the CIPFA statement as outlined below:
1. Our Chief Finance Officer is a member of the County Council Management Team, helping it to develop and implement strategy and to fund and deliver the County Council's strategic objectives.
 2. Our Chief Finance Officer is actively involved in and can influence all material business decisions. As such she can ensure that immediate and longer term implications, opportunities and risks are fully considered and aligned with the Medium Term Financial Plan.
 3. Our Chief Finance Officer leads the promotion and delivery by the County Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
 4. Our Chief Finance Officer leads and directs a finance function that is adequately resourced and is fit for purpose.
 5. Our Chief Finance Officer is professionally qualified and suitably experienced.
33. The Financial Procedure Rules are part of the Constitution and are published on the Council's website. These 'Rules' and the supporting Financial Regulations are reviewed by the Chief Finance Officer. Schemes of Financial Delegation and Delegation of Powers are reviewed and updated twice a year.
34. These financial documents are supported by and information for use by both Finance and non-finance specialists which is published on Oxfordshire County Council's Intranet. Generic guidance on financial management reports and transactional activities is also available through the Hampshire Integrated Business Centre (IBC) portal.
35. There are teams of professionally qualified Finance staff in Corporate Services. Part of their role is to support managers throughout the County Council in fulfilling their financial responsibilities and in providing regular review, scrutiny and challenge where appropriate. They also provide assurance that financial management is carried out across the organisation in accordance with the requirements of the CIPFA "Role of the Chief Financial Officer" Statement.
36. Oxfordshire has a Chief Legal Officer who is the Monitoring Officer. His role, in summary, includes meeting all legal requirements, ensuring effective administration and

⁴ See: http://www.cipfa.org/Policy-and-Guidance/Reports/-/media/Files/Publications/Reports/role_of_CFO_in_LG_2010_WR.pdf

compliance with statutory responsibilities around the councillors code of conduct and the ethical standards of officers. Additional responsibilities in the Constitution include maintaining the Constitution itself, work for the Audit & Governance Committee on standards issues, advising on ethical and legal issues, supporting the complaints procedure, access to information and promoting good corporate governance.

Controls on Information, Projects and ICT

37. Our Information Governance Group reviews and implements corporate policies, including the new Information Governance Policy, the Data Sharing Policy and new tools and methods of work evaluated by ICT Business Delivery to improve the security of data transfer.
38. Oxfordshire County Council requires projects to be managed using their Project Management Framework which gives a comprehensive structure, standard paperwork and defined processes. Progress of Major Programmes is reported to DLTs and to the Delivery Board, and the Head of Paid Service.
39. Our ICT Service Manager has overall responsibility for the strategic development and delivery of all aspects of ICT for Oxfordshire County Council. The Chief Legal Officer and Monitoring Officer is the Council's Data Controller and chairs the Information Governance Group. This group has representatives from all Directorates and specialists from Human Resources and ICT Services. The group has appointed a Senior Risk Information Owner, an Information Risk Owner for ICT and an Information Risk Owner for Joint Commissioning; as well as linking with the Caldicott Guardian (responsible for patient and service user confidentiality).

Codes of Conduct

40. Oxfordshire County Council has developed and adopted separate Codes of Conduct for Councillors and Officers; both Codes define the standards of behaviour expected by the County Council and the duty owed to the public. Training on the requirements of the codes is provided by the Council's Monitoring Officer for both Councillors and Officers. Both codes form part of the County Council's Constitution and are readily accessible via the council's Internet and Intranet websites. Both codes are reviewed by the Monitoring Officer to ensure that they continue to be effective and up to date. The Monitoring Officer undertakes a confidential biennial survey of Member/Officer relations.
41. Each Council must adopt a local Code of Conduct and have arrangements in place to investigate complaints made against Members. Our Council has agreed to include standards within the terms of reference of the Audit & Governance Committee. The work relating to standards being undertaken by a small advisory group led by the Monitoring Officer with the advice and assistance of independent persons.

Training

42. Oxfordshire County Council's Constitution sets out the roles and functions for all councillors. Member development is delivered having regard to emerging issues, skills

requirements, formal roles and any necessary induction following an election or by-election.

WORKING WITH OTHERS

Schools

43. Section 48 of the Schools Standards and Framework Act 1998 requires the authority to prepare a scheme setting out the financial framework for local authority maintained schools, known as the Scheme for Financing Schools. Amendments to the Scheme may be proposed by the authority after consultation with all maintained schools and agreed by either the Schools Forum or the Secretary of State for Education. The Secretary of State may also direct changes to all authorities' scheme for financing schools. Practical day to day application of the Scheme is set out in the Financial Manual of Guidance, which also includes links to the County Council's Constitution. Schools receiving delegated budgets must adhere to the financial framework, and failure to comply with the Scheme can ultimately lead to withdrawal of delegation.
44. It is the responsibility of each school's governing body to set down and oversee proper governance arrangements for the school. The governing body in maintained schools is accountable to the local authority for the way the school is run. The Education Financial Services Team visit maintained schools to provide support, advice and challenge and give assurance on financial management in each school. The team validates all maintained schools' budgets annually and reviews budget monitoring reports during the year. The Education Financial Services team monitors compliance with the Scheme for Financing Schools and the Financial Manual of Guidance. Schools identified as having higher financial risks or issues are given additional support and oversight. If the authority is not satisfied that a school is exercising good financial management, a notice of concern can be issued advising the school of required actions. Ultimately failure to comply with a notice of concern could lead to withdrawal of delegated budget powers from a school.
45. All local authority maintained schools are required to complete a Schools Financial Value Standard (SFVS) statement annually and submit a signed copy to the local authority. The SFVS is not externally assessed but is used to inform the authority's programme of financial assessment and audit.
46. Dedicated Schools Grant (DSG) is the main source of funding for schools and the authority must consult Schools Forum about deployment of DSG to support the Schools Budget. Government continues to make other grant streams available to schools via the County Council, including funding for school sixth forms and the Pupil Premium. Grant terms and conditions and related guidance are followed when distributing the local school funding formula and other grant streams. All local authorities are required, under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009, to publish via their public web site and annual budget statement and an annual outturn statement.
47. Academies are legally separate entities and therefore their effective governance does not fall within the control or responsibilities of the County Council. The County Council retains responsibilities including ensuring that special educational needs are met,

safeguarding, and that the free entitlement to early year's education is provided by academies where applicable.

Partnerships

48. Oxfordshire County Council works together with other bodies and organisations, in a number of different partnerships governed by specific terms of reference. Overall accountability for partnership working rests with Council which is responsible for examining formal and informal feedback mechanisms. Each partnership presents an annual report and a yearly summary of the work of the partnerships set out below is discussed at the September meeting of the County Council. This is also considered by Performance Scrutiny Committee.

49. The key partnerships that Oxfordshire County Council is part of and plays a formal role in are:

- **Oxfordshire Local Enterprise Partnership (OxLEP)** - responsible for championing and developing the Oxfordshire economy. Working with businesses, academia and the public sector OxLEP is responsible for bidding and securing funding for investment to promote growth in the county. Since April 2015 OxLEP has been an incorporated company limited by guarantee and Councillor Ian Hudspeth, the Leader of the Council, is a non-executive director. Oxfordshire County Council continues to act as the accountable body.
- **Oxfordshire Skills Board** – responsible for improving the skills available to employers and the learning opportunities available to students, residents and workforce.
- **Oxfordshire Growth Board** – responsible for the delivery of the projects agreed in the City Deal and Growth Deal. Core membership comprises the leaders or Cabinet/ Executive Members from Oxfordshire County Council and the district councils and is supported by an executive of senior officers from the six authorities, the Homes & Communities Agency (HCA), Oxfordshire Local Enterprise Partnership (OxLEP) and other partners.
- **Oxfordshire Local Transport Board** – responsible for identifying and prioritising the delivery of local major transport schemes.
- **Oxfordshire Safeguarding Children Board (OSCB)** – makes arrangements to safeguard and promote the welfare of children, agreeing how local organisations will co-operate to achieve this. The OSCB is led by an independent chair and includes representatives from all six local authorities in Oxfordshire, as well as Probation, Thames Valley Police, Oxfordshire Clinical Commissioning Group, Oxford University Hospitals NHS Trust, Oxford Health NHS Foundation Trust, schools and further education colleges, the military, the voluntary sector and lay members. The board meets three times per year and is supported by an Executive Group that meets six times per year. There are three area groups to ensure good communication lines to frontline practitioners.
- **Oxfordshire Safeguarding Adults Board** – responsible for working together to safeguard and promote the welfare of vulnerable adults. The board includes members from all statutory agencies, including: Oxfordshire County Council, Thames Valley Police, NHS Oxfordshire, Oxford Health NHS Foundation Trust and the Oxford University Hospitals NHS Trust. The Board has working relationships with other Boards and partnerships across the County, including the Oxfordshire Health

and Wellbeing Board to whom we submit an Annual Report. The Annual Report is also presented to the County Council's Performance Scrutiny Committee.

- **Oxfordshire Health and Wellbeing Board** – responsible for producing the Joint Health and Wellbeing Strategy and working together to improve the health and wellbeing of local people, especially those with health problems or in difficult circumstances. The Board members include district and county councillors, the Oxfordshire Clinical Commissioning Group, NHS England, Healthwatch Oxfordshire and senior officers from Local Government. Three partnership boards report to the Health and Wellbeing Board - the Older People's Joint Management Group, the Health Improvement Board and the Children's Trust. The Health and Wellbeing Board meets in public three times a year.
- **Oxfordshire Stronger Communities Alliance** – responsible for helping to build and maintain stronger communities and a thriving voluntary, community and faith sector in Oxfordshire to improve the quality of life for local people. Alliance (OSCA) brings together 23 members from voluntary sector support providers, faith groups, representatives of local councils, the NHS, military and police. OSCA Partnership meetings are held three times a year.
- **Oxfordshire Safer Communities Partnership** – provides strategic direction and challenge on countywide community safety issues. Identifies and agrees shared community safety risks, opportunities and priorities. Elected-member Board meets three times per year and is supported by an officer-led Business Group that meets six times per year. The Chairman attends Oxfordshire County Council's Performance Scrutiny Committee every year. A draft working protocol has been developed with Oxfordshire Safeguarding Children Board (OSCB) and will be extended to include Oxfordshire Safeguarding Adult Board (OSAB) and the Children's Trust next year.
- **Oxfordshire Environment Partnership** – Following the dissolution of the Oxfordshire Waste Partnership in 2014, the Oxfordshire Environment Partnership is a more informal arrangement that helps to co-ordinate shared action against Oxfordshire 2030 pledges relating to waste, energy, climate change, biodiversity and flooding. Membership comprises one elected member representative from the County Council, the City Council and each of the District Councils.

50. Further accountability is provided by the Oxfordshire Partnership. This brings together organisations from the public, private, voluntary and community sectors to focus on things that are important to people who live in, work in and visit Oxfordshire and, more importantly, to do something about them. The partnership currently has 37 members from:

- Local Government (12 members)
- Other public sector agencies (health, police, military, etc.) (7 members)
- The Voluntary, Community, and Faith Sectors (7 members)
- Town and Parish Councils (5 members)
- Private Sector representatives (3 members) and Education (including local universities) (3 members).

The partnership meets twice a year to discuss shared priorities and key issues. The Oxfordshire Partnership receives a written update from the following partnerships each autumn;

ANNUAL GOVERNANCE STATEMENT

- Oxfordshire Local Enterprise Partnership
- Oxfordshire Growth Board
- Oxfordshire Environment Partnership (formerly Environment and Waste Partnership)
- Oxfordshire Health and Wellbeing Board
- Oxfordshire Safer Communities Partnership
- Oxfordshire Stronger Communities Alliance
- Oxfordshire Safeguarding Children Board
- Oxfordshire Safeguarding Adults Board

Each partnership report addresses the following:

- The current focus for the Partnership;
- The personnel (Chairman and supporting staff) of the Partnership
- The Partnership's governance arrangements;
- The Partnership's key achievements in the last year;
- The aims for the Partnership in the year ahead;
- The key challenges for the Partnership and how these will be addressed going forward.

The same partnerships provide verbal updates to the Oxfordshire Partnership's spring meeting on developments in the six months since the written report was produced.

REVIEWING OUR EFFECTIVENESS

Measuring and Managing Service Performance

51. Oxfordshire County Council has a performance management framework, centred on quarterly reporting and an exception based escalation of issues. Priorities are identified in the Corporate Plan and related performance indicators are agreed with directorates, as part of the service and resource planning process. Progress is reported by the use of dashboards with Red, Amber or Green (RAG) ratings.
52. Accountability for performance runs from the individual to corporate level through directorate leadership teams and then on to the County Council Management Team (CCMT). Public reports are made to Performance Scrutiny Committee and Cabinet. Performance Scrutiny Committee met ten times in 2015/16 to consider performance across the Council focusing on a directorate in detail at each meeting. The Committee can call for additional reports from directors and examine issues in detail to ensure that improvements are made. The Committee also challenges proposed indicators and targets to ensure they are realistic and in line with strategic priorities. The Cabinet considers and agrees the indicators and targets. They also consider any performance issues escalated to them and any recommendations for further action by the Performance Scrutiny Committee.
53. Performance is also considered by the Delivery Board, which comprises Cabinet and CCMT members. In addition to the official reporting framework key issues are escalated to Directors and the Head of Paid Service on a need to know basis.

Compliance, Risks and Complaints & Whistleblowing

Compliance

54. Oxfordshire County Council uses a range of measures to ensure compliance with established policies, procedures, laws and regulations including:
- Notification of changes in the law, regulations and practice to directorates by Legal Officers;
 - Training carried out by Legal Officers and external experts;
 - The drawing up and circulation of guidance and advice on key procedures, policies and practices;
 - Proactive monitoring of compliance by relevant key officers including the Chief Finance Officer, the Monitoring Officer and the Chief Internal Auditor;
 - A Corporate Governance Strategy for Law and Governance ; and a
 - 'Protocol for Implementing New Legislation' ensures that there are Directorate Leads who have a specific obligation to ensure appropriate dissemination of legal, policy and professional information within their Directorates.

55. Guidance and advice on all our key policies and procedures have been reviewed and updated. All policies and guidance are available on the Intranet within the Corporate Governance Library as well as separate pages for Human Resources and Finance, Budgets and Procurement.
56. Compliance with our policies is monitored by the relevant corporate lead officers. Their assessment is incorporated in the year end 'Certificate of assurance' signed off by each corporate lead officer.
57. Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to the County Council where, in his opinion, a proposal, decision or omission by the County Council, its Members or Officers is or is likely to be unlawful and also to report on any investigation by the Local Government Ombudsman. It was not necessary for the Monitoring Officer to issue a formal report for the year 2015/16. The Monitoring Officer undertakes a review of the County Council's annual governance arrangements. This review is formally reported to the Audit & Governance Committee.

Risks

58. Oxfordshire County Council has a Risk Management Strategy which aims to ensure that there is continuous improvement in the arrangements for managing risk across all directorates. The Chief Finance Officer was the CCMT Risk Champion during 2015/16.
59. Oxfordshire County Council has in place a process for identifying, assessing, managing and reviewing the key areas of risk that could impact on the achievement of County Council's objectives and service priorities. Reports to committees to support key policy decisions or major projects include an assessment of both opportunities and risks.
60. A strategic risk register is in place that is owned and reviewed by CCMT. Service Risk Registers are owned and reviewed by each Deputy Director with their management teams and the Director on a quarterly basis. An escalation process is in place to report significant service risks to CCMT as part of the quarterly performance reporting process and separately to the Audit Working Group. The Strategic Risk register has been updated in 2015/16 and each risk is owned by a member of CCMT. CCMT reviews the risk register quarterly.
61. Risk Management in projects is required in our Corporate Project Management Framework⁵. It includes the requirement for risk registers to be maintained as part of the project management process.

⁵ <http://projectmanagement.oxfordshire.gov.uk/wps/wcm/connect/occ/project+management+framework/Home/>

Complaints & Whistleblowing

62. Oxfordshire County Council has formal complaints and whistleblowing procedures which allow staff, service users, contractors, suppliers and the public to confidentially raise concerns about any aspect of service provision or the conduct of staff, elected councillors or other people acting on behalf of the Council.
63. An annual review of reports and incidents is undertaken by the Monitoring Officer and is reported to the Audit & Governance Committee via the report of the Audit Working Group.

Internal audit

64. In 2010 CIPFA issued a Statement on the “Role of the Head of Internal Audit in public service organisations”. This outlines the principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit and the governance requirements needed to support them. The Council's arrangements conform with the governance requirements of the CIPFA statement as our Chief Internal Auditor:
- Objectively assesses the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments;
 - Gives an objective and evidence based opinion on all aspects of governance, risk management and internal control;
 - Is a Senior Manager with regular and open engagement across the organisation, including the Leadership Team and the Audit & Governance Committee; and
 - Leads and directs an internal audit service that is resourced to be fit for purpose; and is professionally qualified and suitably experienced.
65. The Monitoring Officer sought feedback on the quality and effectiveness of the Internal Audit Service from Senior Managers across the council, reporting back to the Audit and Governance Committee. The conclusion from the survey was that management find the internal audit service effective in fulfilling its role.
66. The Chief Internal The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The annual self-assessment against the standards has recently been completed (May 2016). This has identified the following areas of non-conformance in 2015/16:
- The previous Chief Internal Auditor had operational management responsibility for the Risk Management and Strategic Insurance functions, so was not wholly independent. The risk of conflict of interest was managed where audit activity undertaken in areas where the CIA has operational responsibility was managed by the Audit Manager who reported on these directly to the Chief Finance Officer (S151 Officer). From 1 April 2016 this conflict is no longer applicable due to the change in roles within Internal Audit, and the appointment of an Interim Chief Internal Auditor who has no operational management responsibility for Risk Management or Strategic Insurance;

- The PSIAS requires that an Internal Audit Charter is in place for each local authority. The Internal Audit Charter has recently been drawn up in line with the PSIAS requirements and replaces all previous Internal Audit Terms of Reference. The Internal Audit Charter is subject to approval by the Audit & Governance Committee of Oxfordshire County Council on an annual basis, in line with PSIAS requirements.
- It is a requirement of the PSIAS for Internal Audit to have a Quality Assurance and Improvement Programme. This has recently been prepared for 16/17.
- It is a requirement of the PSIAS for an external assessment of internal audit to be completed at least every five years. This must be completed by 31 March 2018 but will be considered later this year. The results will be reported back to the Audit & Governance Committee.
- The annual self-assessment against the PSIAS identified that the Internal Audit Procedures manual needs review and updating. This will be completed by the end of September 2016.

67. The Chief Internal Auditor has prepared an Annual Report on the work of Internal Audit which concludes a **qualified** assurance over Oxfordshire County Council's system of internal control. Whilst the opinion is based on the whole system of internal control and there are a relatively small number of limited assurance reports issued by Internal Audit, the underlying issue has been weaknesses in the system of financial control. This includes the outcome of the review of the design of controls including corporate oversight in relation to the key financial systems, following the fundamental changes to the OCC control environment resulting from the transfer of transactional processing to the Hampshire IBC. There are a number of areas identified that require improvement, so a financial management improvement plan is being devised to ensure that all issues are addressed, and crucially that any cultural and learning points are included to ensure that improvements are sustainable, and enable continuous improvement for both the system of control and the performance and efficiency of those systems.

68. Where Internal Audit identifies areas for improvement, management action plans are in place and are routinely monitored by the Internal Audit team and the Audit Working Group. Managers are required to provide positive assurance that actions have been implemented; performance on implementation is high, demonstrating that control weaknesses identified by Internal Audit are being addressed on a timely basis.

Checking the Effectiveness of our Governance

69. Oxfordshire County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the County Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, whistleblowing reports and comments made by the external auditors and other review agencies and inspectorates.

70. The following paragraphs describe the process that we have applied to maintain and review the effectiveness of the governance framework. They also include some comment on the role of key bodies.

Audit & Governance Committee

71. The Chairman of our Audit & Governance Committee produces an Annual Report to Council. The Annual Report also covers the work of the Audit Working Group. This group has met regularly throughout the year and reviewed specific areas of governance, risk and control, reporting any significant issues identified to the Committee.

Scrutiny Committees

72. Oxfordshire County Council has three scrutiny committees. They cover the following areas:

- Education;
- Performance;
- Joint Health Overview including district council and co-opted lay members

73. The scrutiny process is a fundamental part of the governance framework. The committees have three key functions. Firstly, they provide advice to the Cabinet on major policy decisions. They also explore particular issues of concern in depth and challenge the way in which our services are run. Committees may also review the Cabinet's decisions, through the call-in process. The call-in process is a powerful tool in the accountability process. Under certain circumstances, it allows for members to request the reconsideration of Cabinet decisions and gives scrutiny committees the opportunity to examine the decision making process.

74. The good governance of the council is further enhanced by the work of the Cabinet Advisory Groups. These groups can be set up to examine topics selected by Cabinet which align to corporate council priorities. They enable back bench members to be more closely involved with issues of greatest importance to the council. The Transport Advisory Panel is a permanent group that provides challenge and assurance to the development of transport policy.

75. Member engagement is key to good governance. Within Oxfordshire, local member engagement is strengthened by locality meetings. Locality meetings allow members to examine issues and influence policy development on issues affecting their local area.

76. CIPFA guidance indicated that Audit Committees '*should have clear reporting lines and rights of access to.... for example scrutiny committees*'. The Chairman of the Performance Scrutiny Committee has a standing invitation to attend our Audit & Governance Committee to provide advice in relation to the work of the Scrutiny Committees. Similarly, the Chairman of Audit & Governance Committee has a reciprocal standing invitation to attend the meetings of the Performance Scrutiny Committee. An annual report on the key achievements of all Scrutiny Committees is considered by our Audit & Governance Committee in draft and submitted for agreement by Council. Scrutiny and Audit Committee Chairmen meet regularly to coordinate their work and forward plans.

Corporate Governance Assurance Group (CGAG)

77. This Group monitors the corporate governance framework. It reviews the Annual Governance Statement action plan, as well as monitoring and challenging the assurance framework owned by designated Corporate Leads. The Group identifies and considers weaknesses in the internal control environment. It has primary responsibility for collating all of the evidence and producing the first draft of the Annual Governance Statement. No recommendations for improvements were made by the external auditors (Ernst and Young LLP) relating to the 2014/15 Annual Governance Statement. Since 2015/16 the group has included a representative from Human Resources and the council's Business Continuity Resilience Officer.

Key Deliverables

78. Updates on projects are reported quarterly, with information reported through existing quarterly business management (performance/risk/projects) reporting procedures. The forecast financial position is reported monthly to Leadership Teams and through the regular Financial Monitoring and Business Strategy Delivery Reports to Cabinet which are considered by the County Council Management Team.

79. Further to these monitoring arrangements, the Chief Finance Officer and the Head of Policy meet with all Deputy Directors. They review the delivery of budget savings, check progress on the delivery of projects and ensure that support is targeted to projects as necessary. The policy and finance teams work with service areas to monitor delivery of agreed savings and escalate issues for consideration to CCMT as required.

Other external reviews

80. Oxfordshire County Council receives external reports and inspections from a range of sources that can provide assurance or indicate any issues related to internal control and governance. These are generally ad-hoc and are reported to CGAG by the Head of Policy so that governance issues can be reported to Audit & Governance Committee. For completeness Directors are also asked to set out feedback from external reviews in their annual Statement of Assurance. One area of feedback is noteworthy:

- The Local Government Association review of budget savings options in October 2015 noted that the Council has a well informed and managed financial planning and budget setting process. It involves presenting clear information on the financial challenges ahead in the Medium Term Financial Plan; guidelines on identifying options and a challenge regime on options identified involving joint sessions between the Corporate Management Team and Cabinet Members. In addition the review noted that the Council adopts a transparent approach with those Members who are not part of the ruling coalition. In particular, the review noted that the Performance Scrutiny Committee, which exercises a full interest in budget options, is chaired by the Leader of the Labour Group.

SIGNIFICANT GOVERNANCE ISSUES

Progress in 2015/16

81. The Progress Report on Actions planned for 2015/16 follow and is consistent with the update provided to Audit & Governance Committee on 20 April 2016.

Action that were planned for 2015/16	Timescale, Responsible Officer, Monitoring Body	Progress	Status
<p>1. Data Quality For each major or critical database held by the Council, identify what are the necessary, realistic and affordable features that there should be to ensure that an appropriate level of data quality is reached.</p> <p>Check if these features are in in place and effective.</p> <p>Then if possible make changes so that any features that are missing or weak are put in place or improved.</p> <p>Then report back on this process. List any remaining changes that need to be implemented and whether, when and how this will be possible.</p>	<p>31 March 2016</p> <p>ICT Corporate Lead</p>	<p>The report to Audit & Governance Committee in November 2015 set out a series of actions in a two stage plan:</p> <ul style="list-style-type: none"> • Stage 1 – Actions that could be completed or significantly progressed up to 31 March 2016. • Stage 2 – A longer run programme of work that was likely to span 2016/17 and 2017/18. <p>Areas for Data Quality Improvement – a combination of the information gathered from Information Asset Registers along with the business systems priorities (as defined by the Business Continuity Stakeholders Group (BCSG) will be used to set out an approach and publish an appropriate timeline. Further work has been carried out to set out the approach and an improvement timeline has been published in preparation for the start of the main work from 1 April</p>	<p>On-going as part of business as usual</p>

		<p>2016. A formal project has been created to ensure that there is a clear scope and effective governance with an agreed timescale.</p> <p>Data Quality on Priority 1 Systems – Some of the Council’s 30 Priority 1 systems already have mechanisms for data quality built in. ICT will ask for advice from the suppliers of the priority systems to find out what is available and then introduce changes where it is appropriate to do so and with support from the Directorates.</p> <p>Using the council’s defined Priority Systems list (as agreed with the Business Continuity Stakeholders Group), ICT are writing to all suppliers to ask them to confirm what functionality or features already exist in their business systems and whether they are already enabled or not. Standard CIPFA definitions will be used to measure Data Quality as set out in the Council’s Data Quality Policy.</p> <p>Some Service areas already carry out ‘data checking’ activities as part of their Service Monitoring and Reporting responsibilities. Spot checks will be introduced on a regular basis for all Priority 1 systems using the standard Data Quality Principles as set out in the Data Quality Policy. ICT</p>	
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		<p>will publish regular reports on those findings. By the end of May 2016, ICT will have used the information gathered from the suppliers to set out a timeline and to have created a scope for the 'spot checks'.</p> <p>ICT continues to regularly publish intranet articles about security and Information Management and is working towards developing a mandatory online training course to provide a firm grounding in the principles of data quality, what that means and its importance.</p>	
<p>2. Commercial Services Board (ongoing from 2013/14)</p> <p>1. Communicate the role of the Commercial Services Board and ensure that its requirements are fixed in place in the Council.</p> <p>2. Implementation of the Contract Management Framework</p> <p>3. Development of the County Procurement Team including resources to support the ongoing work of the Commercial Services Board and implementation of the contract management framework.</p> <p>4. Tackling instability arising out of the externalization agenda and the effect on SAP governance and control</p>	<p>31 March 2016</p> <p>Chief Finance Officer</p> <p>Interim Corporate Procurement Manager</p>	<p>The Commercial Services Board terms of reference and governance arrangements have been reviewed and revised. Underpinning that a Gateway Review Panel has been created and is now providing feedback and direction about contract management and the long term planning that should underpin that.</p> <p>A business case training programme involving 90 managers took place in February & March 2016. The training was well received and has raised awareness of commercial skills and built capability across the council. 91 contract managers have also been engaged in the 'passport to practice' program relating to</p>	<p>Ongoing</p>

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<p>mechanisms</p>		<p>contract management.</p> <p>The implementation of a Contract Management System has been agreed by the Commercial Services Board. The Corporate Procurement Lead, who is now in post, is leading on the procurement of the system with full implementation planned for summer 2016.</p>	
<p>3. Business Continuity (BC) (ongoing from 2014/15)</p> <p>1. Increase awareness and scrutiny of BC when buying in or outsourcing activity</p> <p>2. Ensure that flexible and agile working takes account of the need for BC</p> <p>3. Improve links between Directorates and the BC Steering Group</p> <p>4. Improve the Priority 1 exercise programme</p>	<p>31 March 2016</p> <p>Business Continuity and Resilience Officer</p>	<p>Awareness has improved but is expected to remain an issue as budgetary pressures and commissioning activity change.</p> <p>Awareness has improved but continues to need to be considered as part of the agile working programme in 2016/17.</p> <p>Awareness of the value of BC is being raised through directorate level BC exercises and the response to events in 2015/16.</p> <p>An exercise for Customer Services took place in February 2016. Corporate Services will take place in May 2016, and Children, Education and Families and Social and Community Services Directorates will exercise in October 2016. In November 2015 a Communications & Media exercise successfully engaged partner agencies</p>	<p>Complete</p> <p>Awareness of BC is much improved.</p> <p>Expected to become further embedded as part of business as usual.</p>

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<p>5. Improve awareness of BC across the organisation</p> <p>6. Use the good practice guide to improve BC generally</p> <p>7. Scrutinise the BC resilience of new projects. Notably the Integrated Business Centre (run by Hampshire) and the Joint Fire Control, to support bedding in for the first year.</p>		<p>across Oxfordshire and examined continuity arrangements around a major incident with both BC and emergency response requirements.</p> <p>This action is on target and will continue through to Business Continuity Awareness Week in 2016 and also with any new partnerships or devolution arrangements.</p> <p>This action is ongoing - the Business Continuity Institute (BCI) Good Practice Guidelines have been adopted by BCSG and will be adopted formally by the council in the new BC strategy for 2016, which is due to be published shortly. This includes strategy and framework, lifecycle and review, and will introduce outstanding elements such as Business Impact Assessments.</p> <p>Action complete for 2015/16. New projects can be identified for 2016/17.</p>	
<p>4. Externalisation of Human Resources and Finance Services (ongoing from 2014/15)</p> <p>Setting up, implementing and fixing in place our new operating model includes extensive working with another public body and</p>	<p>31 December 2015</p> <p>Chief Finance Officer</p> <p>Chief Internal Auditor</p> <p>Chief Human</p>	<p>Transactional Human Resources and Finance activities carried out across the council transferred to the Hampshire IBC in July 2016. Since then the Hampshire partnership has provided shared Corporate Services for Hampshire County Council,</p>	<p>The initial implementation and six month stabilisation period is complete. A further update on on-going issues is expected in</p>

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<p>other work. This work continues as Hampshire take on this role in July 2015.</p>	<p>Resources Officer</p>	<p>Hampshire Fire & Rescue, Hampshire Constabulary and Oxfordshire County Council.</p> <p>As anticipated, the first six months of operation were a significant challenge in terms of the scale of business change required, the embedding of new ways of working and the resolution of a range of first time events associated with the transfer of data and business practice.</p> <p>A jointly agreed stabilisation process has been implemented to address these issues in a collaborative way and as a result these are reducing in volume and scale as the model embeds and the six month update as at January 2016 noted that the council was in a much improved position compared to three months earlier.</p> <p>The council continues to work closely with Hampshire County Council to understand and respond to remaining issues and has implemented a number of mechanisms to ensure a swift resolution.</p> <p>Operational and Strategic Boards have been established which bring together all the four partners who will benefit from future investment. A programme of enhancement is currently underway with further</p>	<p>early 2016.</p> <p>There are a number of areas in which improvements are required in the internal processes within the council to align with the IBC processes to make the model work efficiently. This will form a new AGS action in 2016/17.</p>
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		developments scheduled for 2016.	
<p>5. Strategic Risk Register</p> <p>The Strategic Risk Register to be refreshed and agreed by CCMT, with a quarterly review, including management assurance on the effectiveness of the mitigation for the Strategic Risks.</p>	<p>31 September 2015</p> <p>Chief Internal Auditor</p> <p>CCMT</p>	<p>The Corporate Risk register has been reviewed by CCMT, and updated. Risks are all owned by a member of CCMT. The risk register was presented to the Audit Working Group on 4 February 2016.</p> <p>CCMT will be formally reviewing the risk register quarterly.</p>	<p>Complete</p>
<p>6. Supported Transport for Children</p> <p>To ensure full implementation of the children’s safeguarding standards framework for the transport service and the provision of assurance that these arrangements are effective.</p>	<p>30 September 2016</p> <p>Service Manager Business Development and Fleet Management</p> <p>Interim Head of Service - Safeguarding</p>	<p>Key risks are now being mitigated with processes and procedures developed and management controls in place. The volume of service users requiring risk assessments and passenger passports means the project his not yet complete, but is within an acceptable timeframe. A programme of safeguarding training is being delivered and enforced; and a key achievement has been the development of a joint operating framework with the licencing authorities. The management controls and quality framework have identified areas requiring performance improvement, and actions have been put in place to address these teams.</p>	<p>Complete</p> <p>Further actions will be progressed and monitored in 2016/17 as part of the on-going project.</p>

A Review of the effectiveness of our governance arrangements

82. We have reviewed our overall effectiveness. Key points are that:

- We have made progress on implementing our Action Plan for 2015/16 as noted above;
- Our decision taking processes are clear;
- The council operates within a budget that included a low council tax increase, and delivers year on year savings despite significant financial pressures. Financial management systems and processes are subject to regular review and actions taken where areas for improvement are identified to ensure good value for money is achieved.
- We monitor key governance issues through a system of Corporate Lead Officers, one covers Finance for example;
- Key management roles are defined and in place – Head of Paid Service, Chief Finance Officer, Monitoring Officer and Chief Internal Auditor;
- We have implemented the additional requirements of the Local Government Transparency Code that was updated in February 2015;
- We are considering the government's Security Policy Framework as a benchmark for our Council;
- Through the governance assurance framework, issues and unacceptable risk exposures are being highlighted with action plans devised and implementation monitored on a timely basis. This will ensure that the level of risk is returned to acceptable levels as soon as possible.

Thus we consider that our governance arrangements are in reasonable shape given the pressures, scale of change and uncertainty about funding and future structures. We have continuing and new plans to improve our governance in 2016/17. They are listed below.

Action Plan for 2016/17

83. For 2016/17, some areas have been identified where work on an issue continues or the quality of our governance could be improved, or where we have planned material changes to the governance arrangements. Our action plan for 2016/17 is as follows:

	Action now planned for 2016/17	Timescale for Completion	Responsible Officer	Monitoring Body
1	Staff supporting, managing and maintaining ICT systems and supplier relationships. Review to be carried out to identify how the systems are being managed and the effectiveness of the controls.	31 December 2016	Martyn Ward (Service Manager ICT Business Delivery) and Caroline Parker (ICT Information Services Manager)	ICT Leadership Team
2	Data reporting and information governance by third party partners and suppliers of services Review to be carried out to verify that our data is being secured, maintained and reported in accordance with agreed service responsibilities.	31 October 2016	Caroline Parker (ICT Information Services Manager)	Information Governance Group
3.	Data quality, duplication and storage De-duplication of data collection and storage prior to migration of data ahead of decommissioning of Data Centre; to include verification that commissioned/partnership services follow Council's data storage policies	31 October 2016	Caroline Parker (ICT Information Services Manager)	ICT Leadership Team

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	Action now planned for 2016/17	Timescale for Completion	Responsible Officer	Monitoring Body
4	<p>Financial Control Improvement Plan</p> <p>Improve the clarity of financial roles, procedures and data issues and the oversight of financial controls – through implementation of a Financial Control Improvement Plan developed in consultation with stakeholders, partners, with the Financial Leadership Team.</p>	31 March 2017	Ian Dyson, Assistant Chief Finance Officer	Finance Leadership Team
5	<p>Commercial Services Board (CSB)</p> <p>To strengthen/extend the role and effectiveness of the CSB (including the quality assurance/management information) through the action plans of the Gateway Review Panel, the Commercial Gateway Process and the work of the dedicated Corporate Procurement Lead.</p>	31 March 2017	Ian Dyson, Assistant Chief Finance Officer	CGAG
6	<p>Transformation</p> <p>Organisational transformation necessary during 2016/17 to meet the Council's plans, priorities and challenges (including any changes to senior management structures), will put sound governance at the core – including effective consultation, and legal and constitutional compliance.</p>	31 March 2017	Mark Stone, Interim Director of Transformation	CCMT

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	Action now planned for 2016/17	Timescale for Completion	Responsible Officer	Monitoring Body
7	Health & Safety – repairs and maintenance (R&M) in schools To support schools (community, voluntary controlled, special and maintained nurseries) in the deployment of their delegated funding for R&M. To ensure compliance through the provision of information, training and effective monitoring procedures. Additional action will include schools completing a building maintenance annual return which will be collated as part of the schools H&S Monitoring visit and used to monitor statutory compliance. Completed returns will be feedback to Property and Facilities for review and action.	31 March 2017	Paul Lundy, County Health and Safety Manager	Health and Safety Governance Group
8	Corporate Security Implement actions to ensure the ongoing security of the Council’s buildings, principally those with public access.	31 March 2017	Adrian Rowlands, Service Manager Property Procurement	

84. Over the coming year we propose to take steps to address the above matters to enhance further our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

SIGNATURES

Signed on behalf of Oxfordshire County Council:

.....	Date	Date
Peter Clark County Director		Lorna Baxter Chief Finance Officer	

.....	Date	Date
Councillor Ian Hudspeth Leader of the Council		Nicholas Graham Monitoring Officer	

TRUST FUNDS

The County Council acts as a trustee for the various funds detailed below. The funds are invested in the Stock Market and with the County Council. They do not form part of the Balance Sheet.

		2014/15	2015/16	
Trust Funds where Oxfordshire County Council acts as sole trustee		Value of Fund £'000	No. of Funds	Value of Fund £'000
Children, Education & Families	Funds for the Development of Hill End Residential Centre	117	1	91
	Oxford Boys	24	1	26
	Criminal Injuries Compensation Awards	21	4	21
	Other (under £10,000)	16	4	14
Chief Executive's Office	Bequest of Property at Watlington	88	1	88
Total		266	11	240

		2014/15	2015/16	
Trust Funds where Oxfordshire County Council acts as joint trustees		Value of Fund £'000	No. of Funds	Value of Fund £'000
Children, Education & Families Social & Community Services	Funds to be used for the benefit of Wallingford School	3,292	0	0
	Other (under £10,000)	1	1	1
	Junior Citizens Trust	9	1	7
Total		3,302	2	8

		2014/15	2015/16	
Other Funds		Value of Fund £'000	No. of Funds	Value of Fund £'000
Children, Education & Families Social & Community Services	Thomas Gifford Charity	355	1	355
	City Lectureship Scholarship	18	1	18
	Other (under £10,000)	31	10	31
	Other (under £10,000)	9	1	9
Total		413	13	413

Actuarial gains and losses

These are changes in deficits or surpluses that arise because either actual experience or events have not been exactly the same as the assumptions adopted at the previous valuation (experience gains and losses) or the actuarial assumptions have changed.

Amortised

Written off over a period of time.

Bond Fund

A fund primarily invested in government and corporate bonds. The value of the investment changes as the market value of assets held by the fund changes.

Call Account

A call account is a deposit account with a financial institution without a fixed maturity date.

Capital Receipts

Receipts from the sale of capital assets.

Cash Equivalent

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flow

The movement of money into or out of the County Council during the financial year.

Collection Fund

A fund maintained by each district council to receive all income raised through the Council Tax and Business Rates. The County Council precepts the district councils to receive its share of Council Tax receipts.

Contingent Asset

A possible asset arising from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the County Council's control.

Commutation Factor

Factor used to determine the amount of lump sum payable from the amount of annual pension commuted.

Contingent Liability

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the County Council's control, or where it is not probable that an outflow of resources will be required to settle the obligation.

Contingent Rent

The portion of a lease payment that is not fixed at the start of the lease but is based on the future amount of a factor that changes other than with the passage of time (e.g. amount of future use, future price indices).

County Fund

The main revenue fund of the County Council into which precept income and Government grants are paid and from which day-to-day payments are made.

Creditors

Amounts owed by the County Council for work done, goods received or services rendered within the financial year for which payment has not yet been made.

Current Asset

An asset which will be used up during the next accounting period eg stocks.

Curtailement

Early retirement costs calculated in accordance with accounting standard IAS19.

Debtors

Amounts owed to the County Council for services carried out during the financial year but not yet received.

Deferred Income

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

Depreciation

The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

Derecognition

Removal of an asset or liability from the Balance Sheet.

Equity instrument

A contract such as an equity share in a company.

Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

Financial asset

A right to future economic benefits controlled by the County Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash (or another financial asset) from another entity or a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the County Council.

Financial liability

An obligation to transfer economic benefits controlled by the County Council that is represented by a contractual obligation to deliver cash (or another financial asset) to another entity, or a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the County Council.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a

financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

Financial Year

The County Council's accounts cover the period from 1 April in one year to 31 March in the next year.

Fixed Asset

A tangible asset that yields benefit to the County Council and the services it provides for a period of more than one year.

General Government Grants

These are general grants paid by central government in aid of local authority services as opposed to specific grants which may only be used for a specific purpose. The main general grant is Revenue Support Grant.

Hedge Fund

A hedge fund is a form of investment partnership.

Impairment

A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

Inventories

Raw materials and stores which the County Council has bought and holds in stock for use as required such as salt for roads and catering supplies.

Intangible Asset

An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

International Financial Reporting Standards (IFRS)

These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

Lease

A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.

Lessee

A party to a lease agreement who makes payment to use an asset.

Lessor

A party to a lease agreement who receives payment for the use of an asset.

Liabilities

Amounts owed by the County Council which will be paid at some time in the future.

Limited Liability Partnership

A partnership in which some or all partners have limited liabilities.

Long Term Investments

Investments that are not due to mature within the next 12 months.

Money Market Fund

Funds are invested in short dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAMf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

Mortality Assumptions – Abbreviations

S1PA and S1PA Heavy - Mortality tables issued as part of the "S1" series of mortality tables produced by the Continuous Mortality Investigation. The "S1" mortality tables are based on mortality experience in Self-Administered Pension Schemes between 2000 and 2006.

Net Debt

The County Council's borrowings and finance liabilities less cash and liquid resources.

Net Operating Expenditure

The amount which it costs to provide services after any specific grants and/or income from fees and charges is taken into account, but ignoring general government grant and local taxation.

Non-current Asset

A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant and Equipment.

Non Domestic Rate

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.

Pooled Fund

Funds from individual investors are aggregated for the purposes of investment and returns are apportioned between investors according to the size of the investment.

Pooling

Where services benefit larger areas than the local authorities which provide them, the expenditure is sometimes pooled according to a formula which reflects usage of the service.

Precept

The levy made by the precepting authority (the County Council) on billing authorities (the district councils in Oxfordshire) requiring the latter to collect income from council taxpayers on their behalf.

Private Finance Initiative (PFI)

A scheme to encourage private sector investment in the public sector. Typically these involve a private sector operator building or enhancing property and operating services on behalf of a public sector organisation.

Professional Fees

The fees paid by the County Council for professional services such as those of architects and quantity surveyors.

Provision

An amount of money put aside in the accounts for anticipated liabilities which cannot be accurately estimated eg insurance provision for claims awaiting resolution.

Public Works Loan Board

A central government agency which provides long and shorter term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

Reserves

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the County Fund.

Revenue Expenditure

The County Council's day-to-day expenditure on items which include wages, supplies and services and interest charges.

Revenue Expenditure Funded from Capital Under Statute

Capital expenditure as defined by statute that does not result in the acquisition, creation or enhancement of fixed assets and is charged to the Comprehensive Income & Expenditure Statement in accordance with the accounting policy.

RIA

Receipts received in advance.

Segregated Mandate Fund

Funds from individual investors are invested on a segregated basis so that the holdings can be directly attributed to investors.

Settlement (Retirement Benefits)

Settlement relates to a bulk transfer out of the Fund as a result of outsourcing. It reflects the difference between the liability transferred (calculated in accordance with accounting standard IAS19) and the assets transferred to settle the liability.

Specific Grants

Grants paid by the Government in respect of specific services.

Strategic Measures

This comprises interest on balances and capital financing charges. The former involves surplus cash from the County Fund which is either invested or used to reduce the need to borrow externally. The interest received is credited to the County Fund. Capital financing charges include the minimum revenue provision required and interest on outstanding debt, together with a general revenue contribution to finance capital spending.

GLOSSARY

Transfer Values

An amount paid or received by the Pension Fund in respect of pension rights transferred from one pension scheme to another for employees joining the County Council from another job or leaving the County Council to move to another job.

Unusable Reserves

Reserves that the County Council cannot use to provide services. These include reserves that hold unrealised gains and losses, e.g. the Revaluation Reserve, and reserves that hold timing differences between when items are recognised in the accounts in accordance with accounting policy and when they are recognised as a charge or credit to the County Fund, e.g. Financial Instruments Adjustment Account.

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Lorna Baxter
Corporate Services

September 2016

-
This matter is being dealt with by Lorna Baxter
Email: lorna.baxter@oxfordshire.gov.uk

Tel: 07393 001218

Audit of Oxfordshire County Council Pension Fund for the 2015/16 year ended 31 March 2016

This representation letter is provided in connection with your audit of the financial statements of Oxfordshire County Council Pension Fund ("the Pension Fund") for the year ended 31 March 2016. I recognise that obtaining representations from management concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2016, and of the amount and disposition at the end of the year of its assets and liabilities, in accordance with applicable law and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

I understand that the purpose of your audit of the Pension Fund's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, I make the following representations, which are true to the best of my knowledge and belief, having made such inquiries as I considered necessary:

A. Financial Statements and Financial Records

1. I have fulfilled my responsibilities for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and for keeping records in respect of contributions received in respect of active members of the Pension Fund and for making accurate representations to you.



2. I confirm that the Pension Fund is a Registered Pension Fund. I am not aware of any reason why the tax status of the Pension Fund should change.
3. I acknowledge my responsibility for the fair presentation of the financial statements. I believe the financial statements referred to above give a true and fair view of the financial position and the financial performance of the Pension Fund in accordance with Accounts and Audit Regulations 2015 and CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and are free of material misstatements, including omissions. I have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. I believe that the Pension Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 that are free from material misstatement, whether due to fraud or error.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. I acknowledge my responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. I have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Pension Fund's internal controls over financial reporting. In addition, I have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. I have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Pension Fund.

C. Compliance with Laws and Regulations

1. I have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
2. I have not made any reports to The Pensions Regulator, nor am I aware of any such reports having been made by any of our advisors.

3. There have been no other communications with The Pensions Regulator or other regulatory bodies during the Pension Fund year or subsequently concerning matters of non-compliance with any legal duty.

D. Information Provided and Completeness of Information and Transactions

1. I have provided you with:
 - Access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested for the purpose of the audit .
 - Unrestricted access to persons within the Council (on behalf of the Pension Fund) from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Pension Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
4. I have made available to you all minutes of the meetings of the Pension Fund Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the 2 September 2016.
5. I confirm the completeness of information provided regarding the identification of related parties. I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
6. I have disclosed to you, and the Pension Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. No transactions have been made which are not in the interests of the Pension Fund members or the Pension Fund during the Scheme year or subsequently.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. I have informed you of all outstanding and possible litigation and claims, whether or

not they have been discussed with legal counsel.

3. I have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and confirm the Pension Fund has given no guarantees to third parties.

F. Subsequent Events

Other than the disclosure on the referendum vote to leave the European Union, there have been no events subsequent to the end of the reporting period which require adjustment of or disclosure in the financial statements or notes thereto.

G. Advisory Reports

I have not commissioned advisory reports which may affect the conduct of your work in relation to the Pension Fund's financial statements.

H. Independence

I confirm that no-one charged with governance of the Scheme is connected with, or is an associate of, Ernst & Young LLP which would render Ernst & Young LLP ineligible to act as auditor to the Scheme.

I. Derivative Financial Instruments

1. I confirm that all investments in derivative financial instruments have been made after due consideration by the Pension Fund Committee of the limitations in their use imposed by The Occupational Pension Schemes (Investment) Regulations 2005; namely that they contribute to a reduction in scheme risk, facilitate efficient portfolio management, and that any such investment has been made so as to avoid excessive risk exposure to a single counterparty and to other derivative operations. The Pension Fund's statement of investment principles has been duly reviewed to ensure that such investments comply with any limitations imposed by its provisions.
2. The financial statements disclose all transactions in derivative financial instruments that have been entered into during the period, those still held by the Pension Fund at the scheme year end and the terms and conditions relating thereto.
3. I have duly considered and deemed as appropriate the assumptions and methodologies used in the valuation of 'over the counter' derivative financial instruments which the Pension Fund is holding, and these have been communicated to you.

J. Actuarial Valuation

The latest report of the actuary (Barnett Waddingham) as at 31 March 2013 has been provided to you. To the best of my knowledge and belief I confirm that the information supplied by the Pension Fund to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Accounting Estimates

1. I believe that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - I believe the measurement processes, including related assumptions and models, used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions used in making accounting estimates appropriately reflects management's intent and ability to carry out specific courses of action on behalf of the Pension Fund, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

L. Investment managers' control reports ISAE 3402

The latest reports available do not for all fund managers cover the whole of the 2015/16 audit year. I can confirm that I am not aware of any issues at the respective investment managers that indicate a reduction in control procedures.

Yours faithfully,

Signed:

Name Lorna Baxter
Position Chief Finance Officer

I confirm that this letter has been discussed and agreed at the Audit & Governance Committee on 14 September 2016.

Signed:

Name Sandy Lovatt
Position Chairman of the Audit & Governance Committee

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Paul King
Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1YE

Oxfordshire County Council
County Hall
New Road
OXFORD, OX1 1ND

Lorna Baxter
Corporate Services

September 2016

-
This matter is being dealt with by Lorna Baxter
Email: lorna.baxter@oxfordshire.gov.uk

Tel: 07393 001218

Audit of Oxfordshire County Council for the 2015/16 year ended 31 March 2016

This representation letter is provided in connection with your audit of the financial statements of Oxfordshire County Council ("the Council") for the year ended 31 March 2016. I recognise that obtaining representations from management concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Oxfordshire County Council as of 31 March 2016 and of its income and expenditure for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

I understand that the purpose of your audit of the Council's financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, I make the following representations, which are true to the best of my knowledge and belief, having made such inquiries as I considered necessary:

A. Financial Statements and Financial Records

1. I have fulfilled my responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
2. I acknowledge my responsibility for the fair presentation of the financial statements. I believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance



with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. I have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. I believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. I acknowledge my responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. I have disclosed to you all significant facts relating to any frauds, suspected frauds or allegations of fraud known to me that may have affected the Council (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), whether involving management or employees who have significant roles in internal control. Similarly, I have disclosed to you my knowledge of frauds or suspected frauds affecting the Council involving others where the fraud could have a material effect on the financial statements. I have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the financial statements.

C. Compliance with Laws and Regulations

I have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. I have provided you with:
 - Access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested for the purpose of the audit; and
 - Unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. I have made available to you all minutes of the meetings of the Council, Cabinet and Audit and Governance Committee and summaries of actions of recent meetings for which minutes have not yet been prepared held through the year to the most recent meeting of the Council on 13 September 2016.
4. I confirm the completeness of information provided regarding the identification of related parties. I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. I believe that the significant assumptions that have been used in making accounting estimates, including those measured at fair value, are reasonable.
6. I have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. I have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. No other claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

Other than one school converting to academy status and the referendum vote to leave the European Union described in Note 62 to the financial statements, there have been no events subsequent to the end of the reporting period which require adjustment of or disclosure in the financial statements or notes thereto.

G. Ownership of Assets

Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

H. Retirement benefits

On the basis of the process established by the Council and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with my knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Signed:

Name Lorna Baxter
Position Chief Finance Officer

I confirm that this letter has been discussed and agreed at the Audit & Governance Committee on 14 September 2016.

Signed:

Name Sandy Lovatt
Position Chairman of the Audit & Governance Committee

Oxfordshire County Council

Audit Results Report - ISA (UK and Ireland) 260
for the year ended 31 March 2016

September 2016

Ernst & Young LLP



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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies 2015-16”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk)

The Statement of Responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of Responsibilities. This report is intended solely for the use of the members of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

The National Audit Office's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Audit & Governance Committee – on the work carried out to discharge our statutory audit responsibilities, together with any governance issues identified. This report summarises findings from the 2015/16 audit, which is substantially complete. It includes messages arising from our audit of the financial statements and the results of our work to assess arrangements to secure economy, efficiency and effectiveness in the Council's use of resources.

We show below the results and our conclusions on the significant areas of the audit.

Status of the audit	<p>We report progress on our audit of the financial statements of Oxfordshire County Council for the year ended 31 March 2016. A number of detailed work areas remain in progress at 30 August 2016. We will provide a verbal update on progress on outstanding work areas at the 14 September 2016 meeting of the Audit & Governance Committee. We have substantially completed our audit of the financial statements for the year ended 2015/16.</p> <p>Based on the work undertaken to date we anticipate issuing an unqualified opinion on the Council's financial statements but this is subject to the completion of our outstanding work in Appendix C.</p> <p>We have performed the procedures outlined in our Audit Plan and anticipate issuing an unqualified opinion on the financial statements.</p> <p>We expect to conclude that the Council has put in place proper arrangements to secure value for money in its use of resources.</p> <p>We are not in a position to determine whether we will be able to issue the audit completion certificate at the same time as the audit opinion until we have assessed the impact on our responsibilities of the notice of objection that we have received from a local elector.</p>
Objection	<p>We have received one notice of objection to the 2015/16 accounts from a local elector.</p> <p>We are currently assessing this objection and seeking legal advice as appropriate. We will continue to keep management informed, including the potential impact both on signing the financial statements and issuing the completion certificate.</p>
Audit differences	<p>There are no unadjusted or adjusted audit differences based on the work completed to date that we wish to bring to your attention.</p>
Scope and materiality	<p>In our updated audit plan presented at the 20 April 2016 Audit & Governance Committee meeting, we set materiality of £10,566,260 when deciding on our audit procedures. We have decreased this amount to £10,270,440 due to a decrease in gross operating expenditure. The basis of our assessment is 1% of gross operating expenditure, which is consistent with prior years</p> <p>The threshold for reporting audit differences which have an impact on the financial statements has also decreased from £ 528,315 to £513,522.</p>
Significant audit	<p>We identified the following audit risks during our planning, and reported</p>

risks	them in our audit plan: <ul style="list-style-type: none">• Risk of management override;• Risk of fraud in revenue recognition; and• Value for Money Conclusion risk of delivering financial resilience Section 3 'Addressing audit risks' (financial statements) and Section 4 'Significant risks' (Value for Money Conclusion) sets out how we have gained audit assurance over those issues
Other reporting issues	As at 30 August we have no other matters to report.
Control observations	We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements and which the Council does not know about. We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We would like to take this opportunity to thank the Council's staff for their assistance during the audit.

Paul King

Executive Director
For and on behalf of Ernst & Young LLP

2. Responsibilities and purpose of our work

The Council's responsibilities

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement (AGS). In the AGS, the Council reports publicly on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements, and any planned changes in future.

The Council is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- express an opinion on the 2015/16 financial statements and the consistency of other information published with them;
- report by exception on the AGS;
- consider and report any matters that prevent us being satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion); and
- discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

This report also contains our findings on any areas of audit emphasis and our views on any significant deficiencies in internal control or the Council's accounting policies and key judgements.

We also review and report to the National Audit Office on the Whole of Government Accounts return. The extent of our review is specified by the National Audit Office.

3. Financial statements audit

Addressing audit risks

We identified the following audit risks when we planned our audit, and reported them in our Audit Plan. We set out below how we have gained the necessary audit assurance.

A significant audit risk is an inherent risk which is both more likely to happen and has a greater effect if it does happen; so it requires special audit consideration. For significant risks, we obtain a relevant understanding of the entity's controls and assess their design and implementation.

Significant Risks (including fraud risks)	Audit procedures performed	Assurance gained and issues arising
<p>Risk of management override</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements ▶ Reviewing accounting estimates for evidence of management bias, and ▶ Evaluating the business rationale for significant unusual transactions. 	<p>As at 30 August 2016 we have completed part of our planned programme of work in this area, although our work to test journals remains in progress. We have identified no evidence of management override or bias.</p> <p>We have also identified no significant unusual transactions in the course of our work undertaken to date.</p>
<p>Risk of fraud in revenue recognition</p> <p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> ▶ Reviewing and testing revenue and expenditure recognition policies ▶ Reviewing and discussing with management any accounting estimates on revenue or expenditure recognition for evidence of bias ▶ Developing a testing strategy to test material revenue and expenditure streams ▶ Reviewing and testing revenue and expenditure cut-off at the period end date. 	<p>We have completed our testing and identified no issues.</p> <p>As at 30 August 2016 we have not yet completed this work but have not identified any issues to date.</p> <p>We have completed our testing and identified no issues.</p> <p>We have completed our testing and identified no issues.</p>

We also identified the following ‘other’ audit risks.

Other Risks	Audit procedures performed	Assurance gained and issues arising
<p>Accounts production and close down</p> <p>This will be the first year that the Council will have prepared its financial statements since it joined the Integrated Business Centre (IBC) with Hampshire County Council. There is a risk that procedures may not work as smoothly as they have done in the past as Council staff gets used to working with the IBC.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> ▶ Reviewing financial transactions between the IBC and the Council. ▶ Testing transactions to ensure that they are processed and recorded accurately and on a timely basis. ▶ Reviewing the financial statements to ensure that transactions are accurately disclosed in accordance with CIPFA accounting guidance. 	<p>As at 30 August 2016 we have not yet completed this work but have not identified any issues to date.</p> <p>As at 30 August 2016 we have not yet completed this work but have not identified any issues to date.</p> <p>Completed - no issues arising</p>
<p>Expenditure testing</p> <p>The Council contracts with third party suppliers for the provision of services. Within Adult Social Care a new financial system has been implemented part way through the year. There is a risk due to the change in systems that the systems may not have been working as intended.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> ▶ Testing transactions in both systems to ensure that payments are accurately made and recorded. ▶ Reviewing the transfer of data from one the old to the new system reviewing the work completed in house ▶ Reviewing data transfers for the Adult Social Care systems to the IBC to ensure that they are accurate. 	<p>As at 30 August 2016 we have not yet completed this work but have not identified any issues to date.</p>

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell the Council significant findings from the audit and any other matters significant to oversight of the Council’s financial reporting process, including the following:

- qualitative aspects of accounting practices, estimates and disclosures;
- matters specifically required by other auditing standards to be reported to those charged with governance, e.g. issues about fraud, compliance with laws and regulations, external confirmations and related party transactions;
- any significant difficulties encountered during the audit; and
- other audit matters of governance interest.

As at 30 August 2016 we have no matters to report.

Control themes and observations

It is the Council's responsibility to develop and implement systems of internal financial control and to have proper arrangements to monitor their actual adequacy and effectiveness. Our responsibility as auditor is to consider whether the Council has arrangements to satisfy itself that this is indeed the case.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We have reviewed the Annual Governance Statement and can confirm that it is not misleading or inconsistent with other information arising from the audit or our knowledge of the Council.

Request for written representations

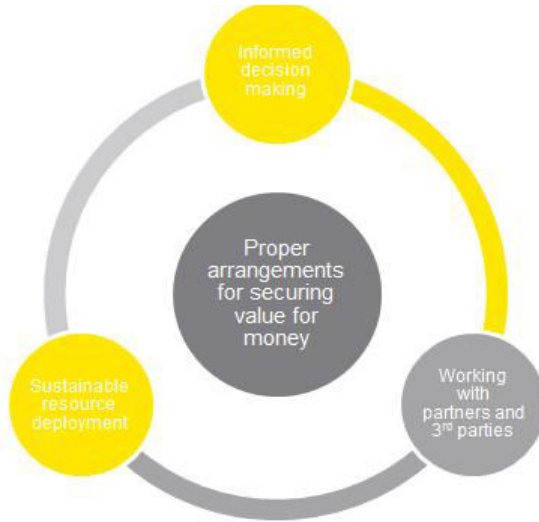
We have asked for a representation letter to gain management's confirmation on a number of matters, as outlined in Appendix G.

Whole of Government Accounts

We will also review and report to the National Audit Office on the Council's Whole of Government Accounts return. The extent of our review is specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters arising to the Audit Committee.

4. Value for money



We must consider whether the Council has 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They consist of the Council's arrangements to:

- ▶ take informed decisions;
- ▶ deploy resources in a sustainable manner; and
- ▶ work with partners and other third parties.

Overall conclusion

We identified one significant risks for these criteria:

- Delivering financial resilience.

We have performed the procedures as outlined in our audit plan, and our findings and conclusions are set out in the table below. We did not identify any significant weaknesses in the Council's arrangements. We therefore expect to conclude that the Council has proper arrangements to secure value for money in its use of resources.

Significant risks

The table below presents the findings of our planned work

VFM risk identified in our audit plan	Has an impact on arrangements for:	Key findings
<p>Delivering financial resilience. The Council is facing a challenging financial position and was reporting an overspend in Children's Services and is having to plan for significant cuts in spending in future years. The local government funding settlement announced by the Government in December 2015 included a significant reduction in the Council's Revenue Support Grant, and means that the Council will need to make further savings in addition to those already planned. The timing of the announcement means that the Council will revisit its 2016/17 Budget and Medium Term Financial Plan in order to set a balanced budget. The Council are proposing a balanced budget for 2016/17 but the years beyond will need to be revisited.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Review of the 2015/16 outturn position against budget ▶ Assessing the robustness of processes for identifying and implementing savings ▶ Review 2016/17 budgets and updated Medium Term Financial Plan. 	<p>We have reviewed the 2015/16 outturn and there no issues arising.</p> <p>As at 30 August 2016 we have not yet completed this work but have not identified any issues to date.</p> <p>As at 30 August 2016 we have not yet completed this work but have not identified any issues to date.</p> <p>We did however identify the following areas to bring to your attention – the monitoring and reporting performance against savings could be reported more quickly and with more details of performance against savings plans. We understand that the Council are developing new reporting arrangements</p>

Other matters to bring to you attention

As at 30 August 2016 we have no other matters to report.

Appendix A – Uncorrected audit differences

There are no uncorrected misstatements greater than our nominal amount of £513,522 subject to completion of our outstanding work.

Appendix B – Corrected audit differences

A small number of corrections to the financial statements have been made a result of our audit. There are no corrections which we specifically wish to draw to your attention subject to the completion of our outstanding work.

Appendix C – Outstanding matters

The following items are outstanding at the date of this report:

Item	Actions to resolve	Responsibility
Management representation letter	Receive signed letter of representation	Management and Audit & Governance Committee
Statement of Accounts	<ul style="list-style-type: none"> • take account of EY review comments on disclosure notes • Audit & Governance Committee to approve accounts • Accounts to be re-certified by responsible officer 	EY, management and Audit & Governance Committee
Subsequent events review	Complete the subsequent events procedures up to the date the audit report is signed	EY and management
Other outstanding work includes: Whole of Government Accounts; Borrowing; Capital grants; and Payroll.	Management and EY to work together to complete any outstanding work	EY and management

Appendix D – Independence

We confirm that there are no changes in our assessment of independence since our confirmation in the update Audit Plan dated 20 April 2016.

We complied with the Auditing Practices Board’s Ethical Standards for Auditors and the requirements of the Public Sector Audit Appointments Ltd (PSAA)’s Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We confirm that we do not know of any relationships that may affect the independence and objectivity of the firm and which auditing and ethical standards require us to report to you.

We consider that our independence in this context is a matter that should be reviewed both by the Council and by us. It is therefore important that you consider any facts you know about and come to a view. If you wish to discuss any matters concerning our independence, we will be happy to do so at the Audit Committee on 14 September 2016.

We confirm that we have met the reporting requirements to the Audit Committee as ‘those charged with governance’ under International Standards on Auditing (UK and Ireland) 260 – Communication with those charged with governance. Our communication plan for doing this was set out in the updated Audit Plan of 20 April 2016.

Appendix E – Auditor fees

The table below sets out the scale fee and our final proposed audit fees.

Description	Proposed final Fee 2015/16 £	Scale Fee 2015/16 £
Total Audit Fee – Code work	109,958	109,958
Certification of claims and returns		
Transport claim	15,150	0
Non-audit work	0	0

Our actual fee is in line with the scale fee set by the PSAA, subject to satisfactory clearance of the outstanding work.

We confirm we that the only work we have undertaken outside the PSAA's requirements is the certification of the Transport claim.

Appendix F – Draft audit report

Independent auditor's report to the members of Oxfordshire County Council

Opinion on the Authority and firefighters' pension fund financial statements

We have audited the financial statements and the firefighters' pension fund financial statements of Oxfordshire County Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority Movement in Reserves Statement,
- Authority Comprehensive Income and Expenditure Statement,
- Authority Balance Sheet,
- Authority Cash Flow Statement, and
- The firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Oxfordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 14, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's and the firefighters pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Oxfordshire County Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Conclusion on Oxfordshire County Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether the Oxfordshire County Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves

whether the Oxfordshire County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Oxfordshire County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of Oxfordshire County Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Paul King

for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
XX September 2016

Appendix G – Management representation letter

[To be prepared on the entity's letterhead]

[Date]

- 1.
2. Ernst & Young
3. [Address]
- 4.

This letter of representations is provided in connection with your audit of the financial statements of Oxfordshire County Council ("the Council") for the year ended 31 March 2016. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of the Council as of 31 March 2016 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

5. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
6. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. We have approved the financial statements.
7. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

8. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, that are free from material misstatement, whether due to fraud or error.
9. As at 30 August 2016 there are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.¹
3. We have disclosed to you all significant facts relating to any frauds, suspected frauds or allegations of fraud known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of frauds or suspected frauds affecting the entity involving others where the fraud could have a material effect on the financial statements. We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the financial statements.²

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Council and committees and summaries of actions of recent meetings for which minutes have not yet been prepared held through the 1 April 2015 to the most recent meeting on the following date: *[list date]*.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. No other claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

1. Other than the one school converting to academy status described in Note 62 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Chief Financial Officer

Chairman of the Audit & Governance Committee

Appendix H – Required communication with the audit committee

We must provide certain communications to the Audit Committees of UK clients, as detailed below:

Required communication	Reference
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit, including any limitations.</p>	Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view on the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Any significant difficulties encountered during the audit ▶ Any significant matters arising from the audit and discussed with management ▶ Written representations requested from management ▶ Expected modifications to the audit report ▶ Any other matters significant to the oversight of the financial reporting process ▶ Findings and issues on the opening balance on initial audits 	Audit Results Report
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or in aggregate, that indicated there could be doubt about Oxfordshire County Council ability to continue as a going concern for the 12 months from the date of our report.
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements relating to prior periods ▶ A request for any uncorrected misstatement to be corrected ▶ In writing, any significant corrected misstatements 	Audit Results Report
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud we have identified or information obtained indicating that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ non-disclosure by management ▶ inappropriate authorisation and approval of transactions ▶ disagreement over disclosures ▶ non-compliance with laws and regulations ▶ difficulty in identifying the party that ultimately controls the entity 	We have not matters we wish to report.

Required communication	Reference
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management’s refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	<p>We have received all requested confirmations.</p>
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Ask the audit committee about possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and which the audit committee may know about 	<p>We have not identified any material instances of non-compliance with laws and regulations.</p>
<p>Independence</p> <p>Communication of all significant facts and matters bearing on EY’s objectivity and independence</p> <p>Communication of key elements of the audit engagement partner’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ the principal threats ▶ safeguards adopted and their effectiveness ▶ an overall assessment of threats and safeguards ▶ information about the general policies and processes to maintain objectivity and independence 	<p>Audit Plan and Audit Results Report</p>
<p>Significant deficiencies in internal controls identified during the audit</p>	<p>None identified – substantive approach taken.</p>
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<p>Audit Plan Audit Results Report</p>

EY | Assurance | Tax | Transactions | Advisory

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Division(s):

AUDIT & GOVERNANCE COMMITTEE – 14 SEPTEMBER 2016

FINANCIAL CONTROL IMPROVEMENT PLAN

Report by Chief Finance Officer

Introduction

1. In July 2016, the Committee approved the Financial Control Improvement Plan (Annex 1). This report sets out the progress made against that plan, and current priorities.

Background

2. In July 2015, the Council went live with a new partnership for delivering HR and Finance transactional operations through Hampshire County Council's Integrated Business Centre (IBC).
3. The transfer of transactional services to the IBC resulted in a fundamental change to the systems and processes operated within OCC.
4. The Chief Finance Officer commissioned Internal Audit to undertake a review of the design of controls within the new systems and procedures being operated by OCC staff. The internal audits focussed initially on the design of control, followed up with a second series of audits focussing on substantive testing to establish whether the systems are operating effectively.
5. The internal audits have identified a series of control issues within the financial systems, including across all the financial systems reviewed, out of date, insufficient or absence of procedures leading to errors and delays plus insufficient monitoring and control.
6. In March 2016 the Chief Finance Officer created the post of Assistant Chief Finance Officer (Assurance). Included in the responsibilities of the post is the requirement to manage the corporate financial systems and the regulatory framework underpinning the system of financial control. Following the results of the internal audits the Assistant Chief Finance Officer has been tasked with delivering a Financial Control Improvement Plan.

Transformation

7. The Council has established a Transformation Programme led by the Interim Director of Transformation.
8. Early work by officers throughout the organisation has highlighted that the Council is well placed to deliver continued financial efficiency. With a greater focus on a 'one council' approach, it will be able to continue to improve

services and outcomes for residents and businesses across Oxfordshire, but more effectively because the focus will be on their needs, rather than on internal structures.

9. Having efficient financial systems and policies, underpinned by effective financial controls that are proportionate to the financial risk exposure, is an essential component of Transformation. The Assistant Chief Finance Officer is working closely with the Interim Director of Transformation to ensure the Financial Control Improvement Plan will deliver outcomes that are consistent with the transformation objectives. By aligning the financial control improvement activity with Transformation is already seeing a more collaborative approach to problem solving, with for example colleagues from across the service areas, Finance and ICT working closely as a “one council” approach.
10. There are three projects already in train that are operating in conjunction with the Financial Control Improvement Plan. The Assistant Chief Finance Officer continues to be involved in all three projects:

Business Management Reporting

11. This project is reviewing the quarterly business management reporting. The objective is to deliver a timely dashboard for Cabinet and CCMT that will show key performance, finance and risk information.

Business Intelligence

12. This project is reviewing the way in which the Council gathers evidence to support its business activity, decision making, and improvement plans. Financial data is included within the scope of that project.

IBC Review

13. The Assistant Chief Finance Officer has been tasked with undertaking a review of the IBC.
14. In Addition to the above projects, the further development of the Adult Social Care Management Information System, including the finance module CONTROCC, is now being considered under Transformation. The further development of the systems and processes within Adult Social Care will be aligned to the Digital Strategy and for example the developments of a single “front door” approach for our customers and businesses. Updates on the implementation of this system have previously been reported to the Audit and Governance Committee by the Deputy Director, Adult Social Care; however, as the development of CONTROCC is so intrinsically linked to the Financial Control Improvement Plan, in particular the automation of interfaces with the SAP system, updates will in future be included in this progress report.

Progress Highlights

Roles and Responsibilities

15. The two priority areas for reviewing roles and responsibilities have been the Corporate Procurement Team and the Income and Banking team. These have been completed and responsibilities clarified. Both teams are now providing a stewardship role, as well as leading on process development and redesign.

Regulations / Policies / Procedures

16. In conjunction with defining the roles and responsibilities, the teams have been supported by the Business Process Analysts from the Customer Services Centre to determine the current work streams, defined as either business and usual, task and finish activity, or query resolution. This is enabling the team to plan resources accordingly and prioritise activity. The development of regulations, policies and procedures is then being undertaken on a priority basis but the ownership is now clearly within these teams.
17. A resource is being identified with the Corporate Finance Team to support the teams in the drafting and maintenance of policies and procedures.
18. The added benefit of the work being undertaken by the Business Process Analysts is the insight it is providing into the synergies between the two teams, so we are undertaking joint workshops to increase the collaboration between the teams.
19. The Managers of both teams are “professional leads” in the new governance arrangements put in place with the IBC (see section on IBC Review below). The first meetings with the IBC under the new arrangements have included clarifying IBC processes where there has been uncertainty, and confirming the responsibilities where “hand offs” between OCC and IBC have not been defined. Having the clarity makes it easier to develop local procedures within OCC.

Training / Self Help

20. Regular drop in sessions have been introduced around the County for staff to speak to colleagues in Finance and HR to help resolve any difficulties they are experiencing in using the IBC and related systems.
21. Through the “professional lead” meetings with the IBC, and management reporting, we are able start targeting areas of poor performance and focus on root causes. This is including where appropriate, in conjunction with the IBC, updating or revising self-help material and guidance, and providing targeted support.

Financial Reporting

22. The project has commenced building upon the work completed by the Business Process Analyst in mapping the current process. We are currently

undertaking workshops initially within the Corporate Finance Team to look at the scope and opportunity for leaning the process. This initial discovery work will be completed in September 2016.

Management Control

23. The original action was to define management information requirements and commission these from the IBC by 31 August 2016. The meetings between professional leads and the IBC has created a space for looking at key issues regarding performance and compliance. These meetings are scheduled monthly (started in August), and include feedback from the IBC on information they have on their system regarding OCC performance. In addition the Professional Leads in HR and Income and Banking are now producing their own reports for monitoring key compliance activity.
24. For the Corporate Procurement Team it is not yet possible to produce reports locally in all instances. For example duplicate payment reports and procurement card usage/approval reports are being produced by the IBC. We are expecting the first routine report on procurement cards to be received end of September.

S151 Assurance Framework

25. Whilst no detailed work has been progressed on this yet, there is confidence that through the existing framework, and the proactive collaborative working within particular ICT, any emerging issues will be identified.

Financial Systems

26. The Internal Audit reports have been fundamental in demonstrating the need for the Financial Control Improvement Plan, and the overarching issues of defining roles and responsibilities, establishing management reporting, and updating rules and regulations have been undertaken; however it is clear through working with Transformation, that the real value of reviewing the financial control systems and putting in effective control, comes when it forms part of an end to end review. When considering prioritising the implementation of the audit actions, we are now more informed using the insight from the Transformation activity, and from the partnership working with the IBC. The Assistant Chief Finance Officer is keeping the Chief Internal Auditor apprised of the activity, and where appropriate working with the Internal Audit team in looking at more strategic solutions to the issues highlighted in the reports.
27. This approach has two benefits to the role of Internal Audit in the organisation; The Internal Auditors skills are in identifying risk and evaluating the effectiveness of controls in mitigating that risk, by having that skill set involved early in developing solutions provides a structured and rational input to the risk management; and, it also provides the internal audit team with an understanding of the risk tolerance and decisions taken around materiality that will inform future audits.

28. Three areas of priority have been identified: CONTROCC (the Adult Social Care Finance Module) (see para 34); Review of payment card income systems for assurance on PCI compliance (Payment Card Industry); and Debt Management.
29. The review of Payment Card Income Systems was a joint piece of work performed in collaboration between Corporate Finance and ICT. It has been an excellent piece of work completed by the teams that has provided essential evidence over both the operations and hardware used for taking payments by credit / debit cards. This work has provided the assurance of compliance with the PCI security standards, and has informed the strategy for future design of these income systems.
30. Debt management remains an area of on-going improvement, but through the professional lead meeting with the IBC improvements to reporting and management information have been delivered and are informing the work of the Income Teams within Adult Social Care and Corporate Finance.

Bulk Data Uploads (BDU)

31. This has been given the top priority, with the focus on determining a strategic solution for automating interfaces into the IBC, and then prioritising the Adult Social Care CONTROCC system for implementation.
32. We have established a council solution as part of the digital platform being implemented to support the delivery of the Digital Strategy. The digital platform is a priority with the Transformation Programme, as it is fundamental to the future operating framework.
33. We are currently developing the interfaces from CONTROCC with a target for implementation by December 2016.
34. The timetable for further rollout will be developed over the next month as it is dependent on resources being available, but it is expected that the target of 31 March 2017 will be achieved.
35. Crucially, the implementation of interfaces will include an end to end review of the systems to ensure they are aligned to Transformation principles, and provide lean financial processes. This work has already commenced for CONTROCC with the Assistant Chief Finance Officer, working in conjunction with the Service Manager Transforming Social Care, in leading a full review of the financial processes. This work is being undertaken in full collaboration between Adult Social Care, ICT and Finance.
36. All of the existing use of BDU for generating payments have been mapped by the Business Process Analysts, and where a system to system interface can be developed it will form part of the programme above; however where the spread sheet upload is used to facilitate payment without use of a purchase order, these are subject to further review and we are working with IBC and Service Areas to consider alternatives. One that is currently being explored is payments to Utilities.

IBC Review

37. This was another high priority action in the Financial Control Improvement Plan. The governance arrangements have been reset, and a “client side” management function has been established. There are now monthly “Partnership Management Group” meetings where that management team meet with Senior Management at the IBC to ensure strategic issues are being addressed and progressed, and performance issues considered.
38. The Internal Communications Team is now fully integrated into all communication and meetings with Senior Managers in the IBC to ensure managers and staff are kept informed of actions and progress.
39. Professional Lead meetings have been re-established, with clear terms of reference, with an emphasis on partnership working looking at strategic issues and opportunities for improvements both within IBC operations but also using insight from the IBC to investigate inefficiency with OCC.

In Summary

40. The Financial Control Improvement Plan is being progressed in accordance with the timescales presented to the Audit and Governance Committee in July, and is already delivering improvements.
41. Whilst at this stage there has been limited output, the last two months has been focussed on building the partnership working with the IBC, and greater collaboration within OCC, working together to improve our services, including financial control.
42. This work is now established as part of the Transformation Programme, and will continue to focus on developing behaviours so that collaboration for developing one council solutions becomes normal practice; and that we adopt a root cause analysis to inform solutions.

Financial and Staff Implications

43. It is expected that the delivery of the plan will be resourced through current teams. There are no immediate cost or staff implications, although there will be a need to prioritise work; however the overall objective is to provide efficient and effective financial management systems, policies and procedures, therefore opportunities requiring investment may be identified. These would need to be considered and agreed by the Transformation Board (to be established).

Risk

44. There is an inherent risk of loss or error where financial control is not managed effectively. The objective of the improvement plan is to deliver financial control that is based on strong risk awareness.

RECOMMENDATION

45. **The Committee is RECOMMENDED to**

- a) Note the report;**
- b) Request the Audit Working Group routinely review the actions taken; and,**
- c) Receive a further progress report at the next Committee meeting on 9 November 2016.**

Lorna Baxter
Chief Finance Officer

Background papers: None

Contact Officer: Ian Dyson, Assistant Chief Finance Officer (Assurance)
September 2016

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AUDIT & GOVERNANCE COMMITTEE 14 SEPTEMBER 2016

ANNEX 1 - FINANCIAL CONTROL IMPROVEMENT PLAN

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
ROLES AND RESPONSIBILITIES	<p>There is currently a lack of clarity at both team and officer level for the ownership of the corporate financial systems within Corporate Finance, and examples where decisions over systems and processes have been made without reference to or authorised by Finance.</p> <p>The roles and responsibilities for ensuring accountability and authority over the financial management systems, financial risk tolerance and stewardship need to be reviewed in conjunction with the Transformation Agenda.</p>		<p>Clear accountability and ownership.</p> <p>Effective control is in place that provides compliant solutions and value for money, enabling quality services to be delivered to our customers.</p>
	Roles and responsibilities for corporate and local financial systems to be reviewed within Corporate Finance Teams, and to be reaffirmed through the Council's regulatory framework.	31 August 2016	Corporate Finance structures clearly defined that enable the effective management and stewardship over financial systems and procedures.
	Roles and responsibilities of Directors and Managers to be reviewed in conjunction with the Transformation Agenda, including defining financial risk tolerance for delegated financial decisions.	30 September 2016	Officers have clear remit for financial decision making and where the limit of their authority lies not only in transactional activity, but also in making tactical and strategic decisions where there is an impact on agreed financial regulations or where there is a potential financial consequence.
REGULATIONS / POLICIES	There is currently no clarity over responsibility or		Clear regulations/policies and

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
/PROCEDURES	<p>process for reviewing and updating regulations and procedures. There is no assurance that existing procedures etc. are accurate and up to date.</p> <p>A full review of Financial Procedure Rules / Financial Regulations / Financial Policies and Procedures is to be undertaken, including clarity over control requirements.</p>		<p>procedures, understood by users that support control objectives, but are lean and efficient as determined by risk</p>
	Review of Regulatory Framework and Corporate policies and procedures	31 October 2016	
	Review of Procedures within Corporate Finance Functions, and the performance management framework	31 October 2016	All functions have clear objectives and operating procedures that are subject to regular performance monitoring and continuous improvement.
	Review of local financial procedures within operational teams	31 December 2016	Local financial systems operating in Directorates are compliant and meet defined control objectives.
TRAINING / SELF HELP	<p>Following the transfer of transactional services to the IBC, there has been a fundamental change to operations and requirements of OCC staff and Managers. Training has been limited, with a principle that first line of support should be available through self-help. It is also a principle that our customers and service providers will also be able to use self-help facilities through web based support. The existing arrangements have not been reviewed to ensure they are consistent and meet user expectations. There is evidence from internal audits that guidance and self-help material is varying in quality and in some cases is</p>	31 October 2016	<p>Staff and customers will be able to self help to speed up query resolution, increasing likelihood of getting things right first time, which in turn will improve the performance of the system and the customer experience.</p>

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>incomplete. There is also evidence of this from staff feedback.</p> <p>The IBC review will be addressing the broader issue of training and support to staff and customers; however the existing self-help facilities available to staff and customers via the intranet and internet are to be reviewed and improved, ensuring they are accurate and up to date, and designed to enable easy search and questions answered.</p>		
FINANCIAL REPORTING	<p>The existing system of financial reporting is heavily resource intensive, compared to the impact it has.</p> <p>A principle for integrated Business Management Reporting has been agreed, and is currently in design; however a business analysis of the current end to end process for monthly financial reporting has identified opportunity for leaning the process. A project will commence within Corporate Finance in July 2016 to redesign the process.</p>	31 December 2016	A lean end to end process for accurate financial reporting to key stakeholders.
MANAGEMENT CONTROL	Internal Audit Reports have highlighted a lack of management information and reporting to have oversight and monitoring of the performance and compliance with the financial systems, policies and procedures.	31 August 2016	Professional lead oversight to ensure that effectiveness and efficiency of policies and procedures are being met and delivering expected outcomes, including compliance with the regulatory

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>The Assistant Chief Finance Officer (Assurance) in conjunction with the Finance Teams in Corporate Finance (and Corporate HR in relation to Payroll), will be defining management information requirements and commissioning the delivery of that information both internally and where appropriate through the IBC.</p>		<p>framework.</p>
<p>S151 ASSURANCE FRAMEWORK</p>	<p>The Chief Finance Officer is the statutory officer responsible for ensuring the Council maintains effective financial management and stewardship. This is discharged through an assurance framework. The CFO has identified that the existing framework has not been effective.</p> <p>The S151 Officer Assurance Framework, encompassing the stewardship responsibilities of the Assistant Chief Finance Officer, and the Finance Business Partners is to be mapped out, with a performance management process put in place to ensure that emerging financial risks and issues, including any weaknesses in financial control are identified early and action taken.</p>	<p>31 October 2016</p>	<p>An assurance framework established that provides confidence in the financial management across the council, and identifies issues and remedies early to limit the impact.</p>
<p>FINANCIAL SYSTEMS</p>	<p>There are a number of detailed actions emerging from the Internal Audits. These have all been agreed and officers assigned to implement the actions.</p> <p>The component parts of this Plan will result in all the key financial systems being subject to a fundamental management review, including</p>	<p>As defined in the Internal Audit reports</p>	<p>Positive assurance opinion from the Chief Internal Auditor on the system of financial control.</p>

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>ensuring that they are providing the optimum commercial solution, and that control objectives are clearly defined and understood with policies and procedures in place and subject to effective monitoring and assurance to ensure those control objectives are being met and system objectives and outcomes achieved.</p> <p>As this Plan is delivered, strategic and tactical solutions will be determined that will ensure improvements are robust and sustainable. This may result in timescales previously agreed in audit action plans, and the actions themselves being superseded; however, the original actions are being tracked through the existing Internal Audit monitoring system, so any changes will be transparent to Audit, and will be subject to Internal Audit review. Should there be any concerns over the timeliness or adequacy of management actions these will be independently reported to the Chief Finance Officer, and the Audit & Governance Committee by the Chief Internal Auditor</p>		
BULK DATA UPLOAD (BDU)	The BDU system was implemented initially as a temporary solution pending direct interfaces between local systems and SAP, being built to automate the transfer of data to generate payments, invoices and other key financial transactions. The programme of interface building has not delivered fully automated solutions, including for example the CONTROC system used	31 March 2017	The decommissioning of the BDU, with better solutions in place that provide an efficient and effective means of processing records in a controlled way.

THEME	ISSUE / DELIVERABLE	TIMESCALE	OUTCOME
	<p>by Adult Social Care. The BDU relies on manual intervention and audit processes that are neither efficient nor well controlled.</p> <p>All use of the BDU is being reviewed and alternative solutions being appraised, including opportunity for system interfaces.</p>		
IBC REVIEW	<p>Governance over the IBC has been reviewed and a client team established; however the operating governance of the partnership requires improvement as there is currently a lack of oversight over change request, agreed actions and in some cases there remains a lack of clarity over roles and handoffs between IBC and OCC. The existing arrangements are driving poor behaviours with a lack of clear communication at an operational management level resulting in uncertainty and inefficiency for end users.</p> <p>New governance framework to be agreed including a staff communications strategy and performance reporting. The governance will provide clear escalation routes where customers, suppliers and staff can have clarity that their issues are being listened to and addressed.</p>	31 July 2016	Clear governance and escalation process in place that provides staff and customers with confidence and feedback over the performance of the IBC.

Division(s): N/A

AUDIT and GOVERNANCE COMMITTEE – 14 September 2016

INTERNAL AUDIT 2016/17 PROGRESS REPORT

Report by the Chief Financial Officer

Introduction

1. This report provides an update on the Internal Audit Service, including resources, completed and planned audits and an update on counter-fraud activity.

Resources

2. A full update on resources was made to the Audit and Governance Committee on 13 July 2016 as part of the Internal Audit Strategy and Plan for 2016/17. There have been no changes to resources since that update. The two new trainee Auditors are about to commence professional study, both are undertaking the IIA's Certified Internal Auditor Qualification.

2016/17 Internal Audit Plan - Progress Report

3. The 2016/17 Internal Audit Plan, which was agreed at the 13 July Audit & Governance Committee, is attached as Appendix 1 to this report. This shows current progress with each audit.
4. There has been one amendment to the plan. The audit of E&E ICT Management and Operations was removed at scoping stage due to a recent organisational decision to move the management and governance of E&E ICT systems into ICT, to align with the processes for the management of systems across the rest of the organisation. The audit has been replaced with an audit of Website Management & Security which is now at draft report stage.
5. There have been 4 audits concluded since the last update (provided to the July meeting of the Audit and Governance Committee); summaries of findings and current status of management actions are detailed in Appendix 2. The completed audits are as follows:

Directorate	2016/17 Audits	Opinion
ICT	Phase 1 - Office 365 Cloud Computing	Amber
CEF	Children's Direct Payments	Green
CEF	Early Years Payments	Amber
Corporate Services	BDU Uploads	Amber

Performance

6. The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved for 16/17 audits (as at 22/8/16)	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	80%	
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	100%	
Elapsed Time between issue of Draft report and issue of Final Report.	15 days	75%	This has increased since last reported, for 15/16 when 48% was achieved.

The other performance indicators are:

- % of 2016/17 planned audit activity completed by 30 April 2017 - reported at year end.
- % of management actions implemented - 62%. Of the remaining there are 15% of actions that are overdue and 23% of actions not yet due.
- Extended Management Team satisfaction with internal audit work - reported at year end.

Counter-fraud update

7. The 2016/17 Counter-Fraud Plan, which was agreed at the 13 July Audit & Governance Committee, is attached as Appendix 3 to this report. This shows current progress.
8. Internal Audit are continuing to work with Adult Social Care to provide Fraud Awareness Training as part of the directorate's direct payment training. Adult Social Care has determined this to be mandatory training for all staff involved in direct payments.
9. During quarter 1 and early quarter 2 we have reviewed and updated the OCC fraud internet and intranet pages, which has also included review and update of the Anti-Fraud and Corruption Strategy and the Internal Audit and Fraud sections of financial regulations. Work is ongoing to review and update the fraud risk register including identification of new fraud risk areas.
10. Development of arrangements for working with the City Council, for Counter-Fraud continues. The arrangement is working well and they have provided excellent support to our team by undertaking several reactive fraud investigations on our behalf. This has demonstrated clear benefits of having properly trained and skilled fraud investigators and has had very successful results.
11. One of the investigations that they have undertaken on our behalf is of a school. Following receipt of a whistleblowing allegation an audit was undertaken. This identified a number of concerns which required formal investigation. The investigation is now complete and disciplinary processes completed. A management investigation is ongoing. CEF directorate continues to support the school and Governing Body throughout this process.
12. During 16/17, so far, we have had two reports from schools of theft of cash, one less than £100 and the other just over £1000. During 15/16 there were three reports and during 14/15 there were two. The individual schools have reported these to the police. When each of

these cases has been discussed further with the schools, weaknesses have been identified in their cash handling and security controls. Therefore Internal Audit in conjunction with the CEF Finance Business will produce a one page brief for the schools newsletter to be issued during the autumn reminding schools around the importance of cash security, income reconciliation, etc.

13. A school has reported potential misuse of a procurement card, of two transactions, totalling just under £1000. The card has been cancelled and this is being investigated further with the school.
14. The joint investigation between Buckinghamshire County Council and Oxfordshire County Council, where potential duplicate claims have been made by sessional workers contracted by both authorities has now closed. The matter was reported to the police however there was insufficient evidence to pursue a criminal case.
15. Following the Blue Badge pro-active pilot exercise where 10 blue badges were seized, all individuals have now been formally interviewed by Oxford City Investigation Team. We have received their summary findings and the Service is now considering the best course of action on a case by case basis. Further work is being undertaken by the Service to develop processes for dealing with reports of potential misuse going forward.
16. The results from the Court Hearing in respect of County Print Finishers Unit investigation are currently with Legal with further recovery options being considered.

National Fraud Initiative (NFI)

17. The matches from the NFI 2014/15 exercise have now been completed and closed down. Preparation for the data collection exercise this year is now underway. Matches for the 2016/17 exercise will be received during quarter 4 of 16/17.
18. Four potential matches from 14/15 were identified for pension payments made to deceased persons. Two of these have been investigated for us by the Oxford City Team. The first was in relation to a person who went missing, this person was located by the Police and City Team as part of a joint investigation in which Adult Social Care were also involved. It has resulted in the successful recovery of over £35k of over-payments plus legal costs. The second is now in the process of recovery via legal proceedings and has been notified to the Police. The other two potential overpayments have had invoices raised and these are being investigated and discussed further with the families involved. Further work is currently being undertaken by the Pensions Administration Team to look at ways of matching data on a more regular basis, to pick up cases where they are not notified of deceased pensioners.

19. Three residential providers were identified from 14/15 with matches. A total of approx. £120k has been recovered from all three providers. Work is ongoing with those providers, to review how this has happened and to establish robust systems to ensure they notify the relevant officers and do not receive overpayments in the future.

RECOMMENDATION

20. The committee is RECOMMENDED to note the progress with the 16/17 Internal Audit Plan and 16/17 Counter Fraud Plan and the outcome of the completed audits.

Sarah Cox
Interim Chief Internal Auditor

Background papers: None.
Contact Officer: Sarah Cox : 07393 001246

APPENDIX 1 - 2016/17 INTERNAL AUDIT PLAN - PROGRESS REPORT

Directorate	Audit	Planned start	Status	Conclusion
SCS	Mental Health	Q1	Draft Report	Red
SCS	Money Management	Q2/3	Scoping	
SCS	Pooled Budgets - Contract Management	Q2/3	Scoping	
SCS	Adults Safeguarding	Q3	Not started	
SCS	Personal Budgets inc Direct Payments	Q3	Not started	
SCS	Client Charging (including ASC debt)	Q4	Not started	
SCS	Residential & Home Support Payments	Q4	Not started	
CEF	Unaccompanied Asylum Seeking Children	Q2	Scoping	
CEF	Thriving Families - Summer and Winter Grant Claims	Q2 & Q4	Summer Claim - Fieldwork Winter Claim - Not started	
CEF	Children's Direct Payments	Q1	Complete - Final Report	Green
CEF	Early Years Payments - Follow up	Q2	Complete - Final Report	Amber
CEF	Children's Safeguarding	Q3	Not started	
Schools	Mapping of S151 assurance	Q2	Not started	
Schools	Thematic Reviews (Compliance)	Q3 & Q4	Not started	
Corp / EE	Capital Programme	Q1	Fieldwork	
Corp / EE	LEP	Q3	Not started	
EE	Highways Follow up	Q3	Not started	
EE	Property	Q4	Not started	
EE	S106 agreements	Q3	Not started	
ICT	Cloud Computing - Office 365 - part 1	Q1	Complete - Final Report	Amber

ICT	Cloud Computing - Office 365 - part 2	Q3	Not started	
ICT	Cloud Computing - Backup as a service	Q3	Not started	
ICT	Website Management & Security *	Q1	Draft Report	Amber
ICT	Mobile Computing	Q2	Not started	
ICT	PCI DSS Compliance	Q4	Not started	
ICT	SAP System	Q3	Not started	
ICT	ICT application audit - Altair (Pensions Admin System)	Q2	Scoping	
Corp	Budget Setting / Delivery of Savings	Q2	Fieldwork	
Corp	Accounts Payable	Q4	Not started	
Corp	Accounts Receivable	Q4	Not started	
Corp	Treasury Management	Q1	Fieldwork	
Corp	Payroll	Q4	Not started	
Corp	Main Accounting	Q3	Not started	
Corp	Pensions Fund	Q3	Not started	
Corp	Pensions Admin	Q4	Not started	
Corp	Scheme of Delegation Application	Q2	Scoping	
Corp	BDU - monthly compliance checks on files uploaded to BDU	Ongoing	Ongoing	
Corp	BDU - compliance review, visiting officers and testing upload processes	Q1	Complete - Final Report	Amber
Corp	Governance area - compliance review (area to be confirmed)	Q3	Not started	
Corp	Governance area - compliance review (area to be confirmed)	Q3	Not started	
Corp	Grant Certification (requests throughout year for CIA sign off)	Ongoing	Ongoing 3 completed to date.	n/a

***Since the last update to the July 2016 meeting the following amendments have been made to the 2016/17 Internal Audit Plan:**

E&E / ICT	Removed from plan: E&E ICT Management and Operations	This audit was removed at scoping stage due to a recent organisational decision to move the management and governance of E&E ICT systems into ICT, to align with the processes for the management of systems across the rest of the organisation.
ICT	Addition to Plan: Website Management & Security	The audit has been added to the plan and has replaced the audit of E&E ICT Management and Operations.

APPENDIX 2 - EXECUTIVE SUMMARIES OF COMPLETED AUDITS

Phase 1 - Office 365 Cloud Computing

Opinion: Amber	1 August 2016	
Total: 07	Priority 1 = 02	Priority 2 = 05
Current Status:		
Implemented		
Due not yet actioned		
Partially complete		
Not yet Due	07	

Overall Conclusion is Amber

Our overall conclusion for this phase of the audit is AMBER. Internal Audit identified that there is generally a sound system of internal control, however, some significant risks have been noted and there is therefore the possibility that some objectives will not be achieved.

Office 365 is OCC's first corporate level transition into cloud based services. There are 15 projects within the Office 365 programme which will deliver 12 Microsoft products, the most advanced of which is Exchange Online.

A business case for moving to Microsoft Enterprise Cloud Suite (ECS), which incorporates Office 365 and Exchange Online, has been documented and approved. The strategic case includes how ECS supports wider corporate aims and objectives e.g. agile and flexible working, and the financial case is based on how the cost of renewing the Microsoft Enterprise Agreement can be mitigated through the adoption of ECS through future cost avoidance.

The acceleration to cloud based services follows the two serious data centre failures that have occurred in the past 9 months. Cabinet, Informal Cabinet and CCMT have been made aware of the move to cloud services, however, further work is required to ensure that they fully understand and accept the risks involved. Information Management Risk Assessments (IMRA's) are being undertaken as part of the Office 365 programme and the results of these, as a minimum, should be presented to the corporate Information Governance Group for sign-off. The IMRA's are at a relatively early stage and we have identified some key areas of data security and protection which should be assessed before any live data is moved into the cloud. A Privacy Impact Assessment should also be undertaken to ensure all privacy risks are identified and addressed for continued compliance with the Data Protection Act 1998.

Office 365 services are covered by the Microsoft Enterprise Agreement which was signed in February 2016 and became effective on 1 March 2016. The MEA comprises of a number of documents, some of which are only available on the Microsoft website e.g. service level agreement, Online Services Terms – which includes privacy and security terms.

A programme structure has been established and roles and responsibilities have been documented and agreed. We have highlighted that developing a

Programme Initiation Document would be useful to encapsulate all the projects within the programme and the order of implementation, and further highlighted areas for improvement in regard to the risk and issues logs.

CEF Direct Payments 2016/17

Opinion: Green	10 August 2016	
Total: 03	Priority 1 = 02	Priority 2 = 00
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	03	

Overall Conclusion is Amber

OCC spent £723k on Children's Direct Payments in 2015/16 (excluding CHC which is recharged to Oxford Health), paying for a variety of care and support services for approximately 200 children / young people, in line with their assessed needs.

The purpose of DPs is to allow families of children and young people more choice and flexibility in how they manage their care to meet their assessed needs. They can present a risk of fraud or error due to the high value of some of the DP packages and the potential opportunity for recipients to misuse them. There are also potential safeguarding risks where a child's assessed eligible care needs are not met due to misuse of a DP, or where carers are hired without a DBS check.

The audit found robust processes in place to mitigate these risks, and did not find any significant areas of weakness.

A: Policies and Procedures: Guidance available to staff in the Disabled Children's team clearly covers each stage of setting up and reviewing a DP; guidance available to parents is also clear and informative. Both were updated in June 2016.

There is currently no guidance available for SEN Officers, however there is the intention to write this within the next few months.

B: Direct Payment Process: There is a strong system in place for agreeing and monitoring Direct Payments within CEF. All Disabled Children's Payments (including reassessments) are agreed at Priority Panel. The Disabled Children's Manager therefore has good oversight of all DPs within CSC. Similarly, all SEN DPs are agreed at Complex Case Forum.

There is clear evidence on Frameworki of Social Care Child in Need Reviews taking place, where the DP is discussed with the parent / carer. For SEN DPs, a child's Statements of SEN is reviewed annually, which includes reviewing the DP. Funding agreements and contracts saved to Frameworki

were not always final authorised versions, however copies of these were held by the Payments Team.

C: Direct Payments Usage: Six monthly financial reviews are completed by the Payments Team for self-managed accounts, requesting copies of bank statements from parents / representatives. Issues found during these had been escalated and resolved appropriately, evidencing good communication between Social Care Teams and the Payments Team.

The financial reviews check that payments made are in line with the care plan, however cheque payments are not queried to identify the payee, meaning payments could be to anybody for anything. This was recently identified during the Adults DP audit with an action agreed for the Payments Team to require information on cheque payments when financial returns are made. This action is in the process of being implemented and will also apply to children's DPs.

For managed accounts, the key control is not the financial reviews, but the submission of full supporting documentation including timesheets, invoices and receipts to ecdp before they make payments. The 3 ecdp accounts reviewed were acceptable however there is no process in place for checking surpluses on accounts, which is OCC's responsibility - in one case in the sample there was a surplus in the account which had not been re-claimed (approximately £3k). Whilst ecdp is OCC's supplier of managed accounts services, in two of the sample reviewed, an alternative provider had been used for joint OCC-CHC packages, which were significantly more costly than ecdp, however the cost of this is reportedly borne in full by CHC.

D: Direct Payments Accuracy: Accurate records are held by the Payments Team, detailing amounts and frequency for each DP, and paperwork reviewed showed the team do not make payments before receiving all necessary authorised forms. Payments are made promptly and approved by the Team Manager before upload.

E: Management Information: The Disabled Children's Manager has good oversight of all CSC Direct Payments, as all new or reassessed DPs are authorised at Priority Panel. The same applies for SEN DPs, where authorisation is made at the Complex Case Forum. Monthly recharges to ecdp for managed accounts are reviewed by the Disabled Children's Manager, however there is no management information from the Payments Team relating to the number of financial reviews and whether these reviews are effective. No evidence was found to indicate this may be necessary though; emails from the Payments Team were answered by Social Care teams, and no inappropriate spend was identified during reviews in the cases sampled.

Early Years Payments 2016/17

Opinion: Amber	12 August 2016	
Total: 06	Priority 1 = 00	Priority 2 = 06
Current Status:		
Implemented	01	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	05	

Overall Conclusion is Amber

OCC spent £27.8m on Early Years Funding in 2015/16, providing access for disadvantaged 2 year olds and all 3 and 4 year olds to foundation stage education. The settings receiving funding are split into two categories: maintained schools and Private, Independent, Voluntary (PVI) settings (including academies). These are managed by two different teams and follow different processes.

A: Payments to Maintained Schools: The pupil count data cleansing process is managed by the Performance & Information Team in S&CS. Maintained schools complete their census data and adequate processes are in place for identifying and challenging duplicate or inaccurate claims from schools.

The previous year's data is used to calculate indicative budgets to schools, paid at the beginning of the financial year, and the termly cleansed data from the P&I team is used to calculate adjustments. These had been calculated and administered correctly in all payments sample checked, however there is no authorisation from senior management ahead of recharges (in line with all school recharges).

B: Payments to PVIs and Academies: Following a restructure in 2015, the Early Years Sufficiency & Access (EYS&A) Team in CEF now manage 2 year old funding to all settings as well as 3 & 4 year old funding to PVIs.

The balancing payments are more complex than maintained schools, based on claims made by providers, and although the process for calculating these is generally robust, one administrative error was identified during testing, where a child's end date was recorded incorrectly on ONE meaning the provider was overpaid for one term, which the team will now recover.

Excel spread sheets and ONE are used throughout the year to identify duplicates within PVI settings, however there is no process in place to identify duplicates between maintained schools and PVI settings. A report run for the Spring Term identified 7 possible duplicates, which the team are going to investigate.

Strong systems identified during the audit include reconciling between SAP and ONE after payment to identify any discrepancies, as well as working with the Foundation Years Teams to ensure settings are still eligible for funding following new Ofsted ratings.

C: Disadvantaged 2 year olds and deprivation payments: Robust processes are in place for administering 2 year old funding; all new children have their eligibility checked by the EYS&A Team before funding is provided, and the same controls as PVI payments are in place for calculating initial and balancing payments, identifying duplicates and issues, and producing claim sheets and statements for each provider.

Deprivation payments, Early Years Pupil Premium, and vulnerability payments were also found to be accurately calculated and paid for the sample reviewed.

D: Follow Up: The previous audit in 2014/15 was rated Amber, with issues surrounding spot checks of providers, authorisation of payments, and version control of data sent to Schools Finance used to calculate payments.

All of the four agreed management actions have been reported as implemented by management and this audit has confirmed the same, except number 4 which was not followed through to completion:

Action 4 from previous audit) The Performance & Information Team carried out a reconciliation between data submitted by academies for the school census and Early Years records in ONE in April 2015, identifying several schools where figures for the two data sets differed. The reconciliation has not been undertaken since and it is not clear whether the discrepancies were investigated and addressed.

The risk that academies data in the two data sets differs, which may affect funding, therefore remains. The finding and action have been re-stated in this report.

BDU Uploads 2016/17

Opinion: Amber	15 August 2016	
Total: 07	Priority 1 = 00	Priority 2 = 07
Current Status:		
Implemented	01	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	06	

Overall Conclusion is Amber

Our overall conclusion, based on our RAG grading is Amber. The BDU process is inherently weak as it involves financial transactions being generated via a spreadsheet upload which means that the data within the spreadsheet could be input incorrectly or changed accidentally or deliberately. Senior Management are fully aware of the issues and potential risks of using this system. It was originally implemented as a temporary solution pending direct interfaces between local systems and SAP; however the process of interface building has not delivered fully automated solutions. The longer term decommissioning of the BDU, with better solutions in place is a key action of the Financial Control Improvement Plan. In the interim this review has

identified areas of weakness, particularly around the post upload checks and validations where further improvements are required.

The main findings from the review are:

- There is evidence of segregation of duties between the Data Steward and the Business Owner for the BDU Uploads. The data is collated and the BDU spreadsheet is completed by the Data Steward, before being sent to the Business Owner who again checks all information is correct before any uploading of files is carried out.
- Business Owners are not always aware that their files have failed as they do not always check the BDU to ensure they have processed successfully.
- Testing identified that 8/19 Data Stewards do not perform local checks using the SAP Portal reports after uploads have been processed to ensure the upload file has not been altered in any way and has been processed accurately.
- At the time of the review most people said they were unaware of any Intranet guidance. A couple of the teams tested have now written their own guidance notes.
- Although generally Data Stewards copied Audit Bulk Upload in each time they send an upload file to their Business Owner to process, two Data Stewards admitted that they had not been aware of this, but had recently been advised of this process and are now copying in Audit on future uploads.
- Data Stewards, however, did not always copy in Audit if the file had failed or partly processed and amendments had had to be made to the original file upload and a v2 or v3 needed to be resubmitted.
- Since IBC went live there have been a number of duplicate payments made and there continues to be ongoing application errors in uploads submitted.

APPENDIX 3 - 2016/17 COUNTER FRAUD PLAN - PROGRESS REPORT

Activity	Status
Review of CIPFA Local Government Counter Fraud and Corruption Strategy 2016-19, identifying any gaps and required action for implementation.	Ongoing
Review and update of OCC fraud internet and intranet pages and procedures.	Complete
Review and update of fraud risk register. Identification of new fraud risk areas.	Ongoing
NFI 2015/16 work - completion of review of data matches	Complete
NFI 2016/17 - preparation for 2016 data collection including review of fair processing notices.	Ongoing
Reactive investigations - continued from 2015/16 plus new referrals.	Ongoing
Fraud awareness sessions.	Ongoing DP sessions are being provided with SCS
Development of arrangements with the City Council, for Counter-Fraud (to include Single Person Discount work) and also support with reactive investigations.	Ongoing
Proactive Fraud review - travel and expenses.	Fieldwork
Proactive Fraud review	Not started
Proactive Fraud review	Not started
Proactive Fraud review	Not started
Proactive Fraud review	Not started
Proactive Fraud review	Not started

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Division(s):

AUDIT & GOVERNANCE COMMITTEE

14 SEPTEMBER 2016

LOCAL GOVERNMENT OMBUDSMAN – ANNUAL REVIEW REPORT

Report by Nick Graham, Monitoring Officer

Introduction

1. Each year, the Local Government Ombudsman (LGO) issues an Annual Review Report about each council in relation to the complaints made to the Ombudsman about that Council in the previous financial year. My report to this Committee therefore informs members about the LGO's Annual Review Report for Oxfordshire County Council for the year 2015/16.
2. In short, fewer complaints about the Council have been upheld by the Ombudsman in 2015/16 compared to the previous year, even with slightly more complaints being referred to her. Put into the context of county council performance generally, the Council is the third lowest in the number of complaints submitted to the Ombudsman per 100,000 residents and has the fifth lowest number of upheld complaints per 100,000 residents. This remains encouraging and continues to suggest that the Council's system of control expressed through its own complaints processes is working well.
3. This is not a case for complacency however and this report sets out the LGO's findings, the wider context and also details the complaints upheld by her.

The LGO's 2015/16 report

4. Under the Local Government Act 1974, the LGO has two main statutory functions:
 - To investigate complaints against councils (and some other authorities)
 - To provide advice and guidance on good administrative practice
5. Following changes to the structure of the Ombudsman's investigative and recording procedures, the Ombudsman now records the following categories of information – summarised in their Annual Review Report (attached as **Annex 1**):
 - Complaints and enquiries received - by subject area
 - Decisions made (upheld, not upheld, advice given, closed after initial enquiries, incomplete/invalid and premature)

Complaints and enquiries received by the LGO

6. During 2015/16, the LGO received **59** *complaints and enquiries* about the Council. In 2014/15 this had been 53; and in 2013/14 50. A steady increase such as this is in line with the national trend reported by the Ombudsman.
7. In past years, this Committee has been warned of mistakes in the reported figures. Often those mistakes concerned disputes about whether a complaint was actually upheld or not. There are no such disputes in this reporting period.
8. A general increase in the number of complaints being upheld against councils is reported in the LGO's recent press release titled "Ombudsman upholding more complaints about local government" 28 July 2016. This is actually not true of this Council as the Ombudsman only upheld 7 complaints in 2015/16, whereas in 2014/15, 9 complaints were found upheld. This is an encouraging result, given a small increase in the numbers of complaints about the Council referred to the LGO.
9. **Annex 1** to this report includes the LGO's full list of subject areas for Oxfordshire County Council which has attracted referrals to the Ombudsman. These were:
 - Adult care services- 22
 - Education and children's services- 21
 - Highways and transport- 9
 - Corporate and other services- 3
 - Environment services- 2
 - Planning and development- 2

TOTAL= 59

10. This is consistent with the national picture and is not particular to Oxfordshire. The LGO's publication *Review of Local Government Complaints 2015/16* notes that of the 19,702 complaints and enquiries it received that year, the following three services attracted a significant number of complaints on a national basis:
 - Education and children's services 18% of all LGO complaints
 - Adult social care 13%
 - Highways and transport 11%

Decisions made by LGO

11. During the reporting period, the LGO made **55 decisions** concerning the Council. Of these, some complaints were closed and not pursued (21 out of 55, 38%). Some complaints were referred back to the Council for resolution (18 out of 55 cases, 33%) as the complainant had not allowed the Council to consider the complaint first.

12. **Investigations** were therefore carried out only into 15 complaints, a decrease from 17 investigations in 2014/15. The LGO's report indicates that of these, 8 were not upheld, while 7 were upheld. The LGO therefore reports an 'Uphold rate' figure for the Council of 47% (7 upheld cases out of 15 full investigations).

13. The Council received 282 Corporate Complaints during the 2015/16 financial year, compared with 287 for 2014/15. In addition, the Council received 187 Adult's Social Care complaints and 84 Children's Social Care complaints, giving a collective total of 553 complaints. Of those complaints, the total of cases upheld by the Ombudsman represents just 1%.

14. Thumbnail details of the 7 upheld complaints are as follows:

Nature of decision	Remedy	Comments	Action taken
<p>Summary: The Council was not at fault in convening a child protection conference. It was at fault in not sharing a child protection conference report in a timely way and in not taking earlier notice of the complainant's comments on a social worker's report.</p>	<p>Nil recommended</p>	<p>The substantive issues in this case were not upheld, only minor administrative faults.</p>	<p>As the injustice was not significant, no action was required.</p>
<p>Summary: There was fault by the Council in: approaching solicitors about an application for deputyship; the lack of clear communication with Miss B about the approach to the solicitors and the capacity assessment in September 2014; and, the lack of clear communication to Miss B about a key safe.</p>	<p>Nil recommended</p>	<p>Council approached solicitors to assist the family, there was some confusion around whether all parties agreed to this and solicitor submitted bill for lost time when cancelled, which caused further problems, which the Council accepted.</p> <p>No evidence was produced to support the suggestion that our officers did not keep in regular contact with the complainant. Our</p>	<p>The staff member who arranged for the solicitors to act has been offered training on the boundaries of their practice. Further, the Complaints Team has recommended that staff, when making calls to service users and associated family and friends, make a record of those contact attempts even when they are unsuccessful.</p>

Nature of decision	Remedy	Comments	Action taken
		staff said that they were trying to get in touch with the complainant consistently by telephone, but no contact was made. However, as no records of those attempts were kept, the LGO assumed that no contact had been attempted.	
Summary: the Council failed to provide adequate support to Mr B when setting up a direct payment, delayed making payments and failed to set the payments up correctly. An apology, £250 compensation and reimbursement of any costs which should have been covered by direct payments is adequate remedy for the injustice caused.	Apology, Financial Redress	A clerical error led to one aspect of this complaint being considered as partly upheld.	The Council agreed to remind officers of the need to follow the Council's policy for recovering unspent direct payment funds. Apology and financial redress given.
Summary: There was some administrative fault. The care home was slow to remove images of Mrs X's parents from her website. The Council and care home took action and apologised to Mrs X to remedy the complaint.	Apology	This complaint was about the Care Home's handling of a death of a resident and their communication with the complainant. The Council reminded the care home of its responsibilities with regards to communication and practices. The substantive grounds of complaint were not upheld or not investigated.	Apology given. As there was no criticism of the continuing care or safeguarding of Mrs X's parents, no further action was required.
Summary: Ms X	Nil	The papers were	Discussions have

Nature of decision	Remedy	Comments	Action taken
<p>complains the Council lost her school admission appeal papers. This was fault by the Council but it did not alter Ms X's chances of obtaining a place at her preferred school.</p>	<p>recommended</p>	<p>confirmed as misplaced as the complainant received a receipt for depositing them at County Hall. However, the substantive issues were not upheld and it was found that the same outcome of the appeal would have been reached in any event, despite the unfortunate loss of documentation.</p>	<p>taken place between the appeals team and the front desk staff to ensure that the process for passing appeal papers between the areas is followed in future.</p>
<p>Summary: The Council failed to properly assess Mrs X's ability to care for Y, and Y's needs as a child in need when she agreed to care for Y, her sister's son, in 2004. The arrangement relieved the Council from having to seek parental responsibility for Y, which it was preparing to do. This caused Mrs X financial hardship at the time.</p>	<p>Additional services, Financial Redress</p>	<p>Injustice was caused to the complainant, but we took steps to assist her following the LGO initial contact with us, which remedied that aspect of the complaint. We settled a financial remedy in recognition of the fault caused in 2004.</p>	<p>As this matter related to 2004 and the legislation has since changed with regards to this type of financial support, the Council has not taken any action as it is not relevant to the present day.</p> <p>Financial remedy given.</p>
<p>Summary: Mr and Mrs B say the Council failed to consider their complaints about a children's services matter properly or thoroughly. They were unhappy the Council refused to go to Stage Three of the statutory complaints</p>	<p>Other Remedy</p>	<p>We had remedied any faults before the matter reached the LGO. The LGO admitted that nothing more could be achieved than what our internal processes had arrived at.</p>	<p>This was a particularly complex case, made particularly difficult by the submission of several hundred separate grounds of complaint, which the complainant insisted the Council deal with individually. In the circumstances, it was considered the correct approach was to take a proportionate view of the grounds of</p>

Nature of decision	Remedy	Comments	Action taken
procedure. There was evidence of fault but the remedy, in the form of an apology and changes to procedures, has already been provided by the Council.			complaint and deal with them collectively. In the circumstances, the approach to this case was considered sufficient.

Comparison with other county councils

15. An analysis of the Council's performance in comparison to the UK's other County Councils is included as **Annex 2**. This contextualises the data which makes up the Ombudsman's report and provides useful comparators for measuring the Council's overall performance.
16. A comparison of overall LGO 'decision statistics' for other county councils shows that Oxfordshire County Council:
 - Ranked third lowest in the number of complaints submitted to the Ombudsman per 100,000 residents (8.4 per 100,000)
 - Had the fifth lowest number of upheld complaints per 100,000 residents (1.07 per 100,000)

Exempt Information

17. None.

Conclusion

18. This year's Annual Letter from the Ombudsman is positive. While not a cause for complacency, (each upheld complaint has been taken seriously), this year's report does indicate that this important strand of governance is working effectively. In comparison with other counties, the Council had the third lowest number of referrals to the Ombudsman and the fifth lowest number of complaints upheld per 100,000 population. Only 1% of the complaints actually received by this Council were upheld by the LGO.
19. On my behalf, the Access & Disclosure Team continues to disseminate best practice, case studies and advice to managers on the handling of complaints, to keep knowledge current. The Team also leads on the co-ordination of LGO complaints, liaising with service managers to ensure that the LGO receives a full and frank response, in the interests of accountability and good governance.

Financial and Staff Implications

20. None.

RECOMMENDATION

21. **The Committee is RECOMMENDED to note and comment upon this report and on the Local Government Ombudsman's Annual Review of Oxfordshire County Council for 2015/16.**

Nick Graham
Monitoring Officer

Background papers: Local Government Ombudsman publications:

- Review of Local Government Complaints 2015/16
- Handling complaints for service improvement

Contact Officer: Nick Graham
September 2016

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21 July 2016

By email

Peter Clark
Head of Paid Service
Oxfordshire County Council

Dear Peter Clark,

Annual Review Letter 2016

I write to you with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2016.

The enclosed tables present the number of complaints and enquiries received and the decisions we made about your authority during the period. I hope that this information will prove helpful in assessing your authority's performance in handling complaints.

Last year we provided information on the number of complaints upheld and not upheld for the first time. In response to council feedback, this year we are providing additional information to focus the statistics more on the outcome from complaints rather than just the amounts received.

We provide a breakdown of the upheld investigations to show how they were remedied. This includes the number of cases where our recommendations remedied the fault and the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. In these latter cases we provide reassurance that your authority had satisfactorily attempted to resolve the complaint before the person came to us. In addition, we provide a compliance rate for implementing our recommendations to remedy a fault.

I want to emphasise that these statistics comprise the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, but who may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

Effective accountability for devolved authorities

Local government is going through perhaps some of the biggest changes since the LGO was set up more than 40 years ago. The creation of combined authorities and an increase in the number of elected mayors will hugely affect the way local services are held to account. We have already started working with the early combined authorities to help develop principles for effective and accessible complaints systems.

We have also reviewed how we structure our casework teams to provide insight across the emerging combined authority structures. Responding to council feedback, this included reconfirming the Assistant Ombudsman responsible for relationship management with each authority, which we recently communicated to Link Officers through distribution of our manual for working with the LGO.

Supporting local scrutiny

Our corporate strategy is based upon the twin pillars of remedying injustice and improving local public services. The numbers in our annual report demonstrate that we continue to improve the quality of our service in achieving swift redress.

To measure our progress against the objective to improve local services, in March we issued a survey to all councils. I was encouraged to find that 98% of respondents believed that our investigations have had an impact on improving local public services. I am confident that the continued publication of our decisions (alongside an improved facility to browse for them on our website), focus reports on key themes and the data in these annual review letters is helping the sector to learn from its mistakes and support better services for citizens.

The survey also demonstrated a significant proportion of councils are sharing the information we provide with elected members and scrutiny committees. I welcome this approach, and want to take this opportunity to encourage others to do so.

Complaint handling training

We recently refreshed our Effective Complaint Handling courses for local authorities and introduced a new course for independent care providers. We trained over 700 people last year and feedback shows a 96% increase in the number of participants who felt confident in dealing with complaints following the course. To find out more, visit www.lgo.org.uk/training.

Ombudsman reform

You will no doubt be aware that the government has announced the intention to produce draft legislation for the creation of a single ombudsman for public services in England. This is something we support, as it will provide the public with a clearer route to redress in an increasingly complex environment of public service delivery.

We will continue to support government in the realisation of the public service ombudsman, and are advising on the importance of maintaining our 40 years plus experience of working with local government and our understanding its unique accountability structures.

This will also be the last time I write with your annual review. My seven-year term of office as Local Government Ombudsman comes to an end in January 2017. The LGO has gone through extensive change since I took up post in 2010, becoming a much leaner and more focused organisation, and I am confident that it is well prepared for the challenges ahead.

Yours sincerely



Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
22	0	3	21	2	9	0	2	0	59

Decisions made

Complete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Detailed Investigations			Uphold Rate	Total
				Not Upheld	Upheld			
2	1	18	19	8	7	47%	55	

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.

The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

The compliance rate is the proportion of remedied complaints where our recommendations are believed to have been implemented.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement	Compliance Rate
4	0	100%

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Complaints and Enquiries Decided (by Outcome) 2015-16

Authority Name	Invalid or Incomplete	Advice Given	Referred Back for Local Resolution	Closed after Initial Enquiries	Not Upheld	Upheld	Uphold Rate (%)	Total	Complaints Remedied by LGO	Complaints Remedied by Authority	Compliance Rate (%)	Population	Upheld per 100,000	Complaints per 100,000
Somerset County Council	2	0	36	12	4	14	77.78%	68	12	1	100	910200.00	1.54	7.47
Gloucestershire County Council	4	0	25	16	16	5	23.81%	66	5	0	100	858300.00	0.58	7.69
Oxfordshire County Council	2	1	18	19	8	7	46.67%	55	4	0	100	654800.00	1.07	8.40
Nottinghamshire County Council	8	0	33	31	9	10	52.63%	91	9	1	100	1015498.00	0.98	8.96
Worcestershire County Council	2	2	21	12	8	8	50.00%	53	6	1	100	567000.00	1.41	9.35
Cambridgeshire County Council	3	1	26	15	9	12	57.14%	66	11	0	100	622200.00	1.93	10.61
Lancashire County Council	5	0	65	36	15	33	68.75%	154	29	1	100	1450000.00	2.28	10.62
Warwickshire County Council	3	1	23	22	6	4	40.00%	59	4	0	100	545474.00	0.73	10.82
Lincolnshire County Council	6	1	38	14	13	9	40.91%	81	8	0	100	724500.00	1.24	11.18
Cumbria County Council	5	1	25	14	4	7	63.64%	56	6	0	100	499800.00	1.40	11.20
Norfolk County Council	8	0	43	29	9	8	47.06%	97	6	0	100	857900.00	0.93	11.31
Dorset County Council	1	0	20	16	6	5	45.45%	48	4	0	100	413800.00	1.21	11.60
Buckinghamshire County Council	6	1	18	25	5	5	50.00%	60	5	0	100	506700.00	0.99	11.84
Derbyshire County Council	4	0	42	24	13	12	48.00%	95	9	2	100	770600.00	1.56	12.33
Suffolk County Council	7	0	36	27	13	8	38.10%	91	7	0	100	730100.00	1.10	12.46
Staffordshire County Council	5	1	48	25	12	15	55.56%	106	13	0	100	849600.00	1.77	12.48
Hertfordshire County Council	5	1	66	29	24	17	41.46%	142	14	2	100	1119800.00	1.52	12.68
Leicestershire County Council	7	0	30	32	10	7	41.18%	86	5	2	100	650500.00	1.08	13.22
Devon County Council	11	1	44	45	28	18	39.13%	147	12	2	100	1100000.00	1.64	13.36
West Sussex County Council	5	0	42	44	14	9	39.13%	114	6	0	100	795800.00	1.13	14.33
Surrey County Council	10	0	71	46	16	20	55.56%	163	18	0	100	1085000.00	1.84	15.02
North Yorkshire County Council	5	0	30	29	19	19	50.00%	102	18	0	100	602700.00	3.15	16.92
East Sussex County Council	9	0	32	30	22	28	56.00%	121	26	1	100	534402.00	5.24	22.64
Kent County Council	3	1	74	44	28	34	54.84%	184	30	1	100	614462.00	5.53	29.94
Essex County Council	7	1	89	70	73	24	24.74%	264	21	0	100	787744.00	3.05	33.51
Hampshire County Council	4	1	60	25	7	17	70.83%	114	15	1	100	133770.00	12.71	85.22
Northamptonshire County Council	4	1	52	23	10	17	62.96%	107	17	0	100	62900.00	27.03	170.11
Totals	112	10	860	591	326	279	48.66%	2178	240	11	1900	12840078.00		

Notes

These statistics include all complaints and enquiries that were decided from 01 April 2015 to 31 March 2016.

Some cases are received and decided in different business years. This means the number of complaints and enquiries received may not match the number of decisions made.

For more information on how to interpret our statistics, please <http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

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Division(s): All

AUDIT & GOVERNANCE COMMITTEE – 14 SEPTEMBER 2016

SCALE OF ELECTION FEES AND EXPENDITURE 2016-17

Report by Chief Legal Officer and Monitoring Officer

Introduction

1. Each year the Council needs to set a scale of election fees and expenditure for the holding of elections of county councillors. The Committee are requested to approve the proposed Scale of Expenditure as set out for any by-elections of County Councillors that may be held during 2016/17.
2. The same scale of expenditure will be used for any local referendums e.g. a council tax or mayoral referendum.

Purpose of the Scale of Fees

3. The purpose of the scale of fees and expenditure is to set out the amounts that can be charged for organising and running county council elections and by-elections. In practice, this means that these will be amounts that the district councils will claim back from the County Council for running elections on its behalf.
4. As you will see from the scale some of these costs are fixed and some are “actual and necessary costs”.
5. The mileage rate is linked to the national authorised ‘all car’ rate of 45p per mile.

Levels for 2016/17

6. A full review was undertaken with the City and District Councils for the period 2013/14 when, following consultation with them, a unanimously agreed set of benchmarked costs was achieved. That assessment has been incrementally followed since that time.
7. The fees and levels of expenditure proposed in this report therefore remain substantially consistent with those of the City and Districts and would not lead to differential schemes. The City and District Councils have therefore now indicated that the proposed scale of fees remains acceptable to them for the running of elections on the County Council’s behalf. It would facilitate the necessary recruitment of polling and count staff, and the meeting of other costs.
8. The proposals for this year are, effectively, a holding measure and will be reviewed in more detail early next year for the period 2017/18, to form another

scheme to be approved by this Committee ahead of the County Council elections in May 2017.

Financial and Staff Implications

9. There are no significant financial implications and no staffing implications.
10. A separate Elections Reserve is maintained for electoral expenditure, which is built up each year towards the County Council elections. This also incorporates an element towards any by-election costs which may occur.

RECOMMENDATION

11. **The Committee is RECOMMENDED to approve the Scale of Expenditure for the financial year 2016/2017, as shown in Annex A to this report, for the election of County Councillors and any other local referendums.**

Nick Graham
Chief Legal Officer and Monitoring Officer

Background papers: Nil

Contact Officer: Andrea Newman,
Senior Democracy Officer
Telephone: 01865 810283

September 2016

ANNEX A

OXFORDSHIRE COUNTY COUNCIL

REPRESENTATION OF THE PEOPLE ACT 1983 (SECTION 36(4))

SCALE OF EXPENDITURE FOR ELECTIONS OF COUNTY COUNCILLORS

(Applicable to elections held during period 1 April 2016 to 31 March 2017)

Only the fees and disbursements specified below shall be chargeable. The fees payable to the Returning Officer or his duly appointed Deputy Returning Officer shall include all payments which he makes from his fees to other persons by way of remuneration of services undertaken on his behalf.

In no case shall a charge exceed the sum actually and necessarily paid or payable by the Returning Officer. Subject to this the maximum charges are set out in the scale. These fees will apply to other polls/elections/referendums.

PART I - UNCONTESTED ELECTION

A – FEES

- | | | |
|----|--|------------------------------------|
| 1. | To the Returning Officer, for conducting the election and generally performing the duties required by any enactments relating to the election, other than any duties for which separate fees are provided. For each Electoral Division, a fee of | 1-member £43.95
2-member £87.90 |
| 2. | To a Deputy Returning Officer appointed for the purposes of conducting and generally performing the duties assigned by the Returning Officer, other than duties for which separate fees are provided. For each Electoral Division, a fee of | 1-member £29.15
2-member £58.30 |

B – DISBURSEMENTS

- | | | |
|-----|---|------------------------------------|
| 3. | Preparation of poll cards and postal vote cards | |
| (a) | For supervising the preparation and issue of official poll and postal vote cards. For each Electoral Division, a fee of..... | 1-member £18.40
2-member £36.80 |
| (b) | For the employment of persons in connection with preparation and issue of official poll and postal vote cards. For every 100 cards or fraction thereof for each Electoral Division, a fee of..... | £2.30 |

- | | | |
|----|--|------------------------------------|
| 4. | For the employment of persons for clerical and other assistance. For each Electoral Division | 1-member £21.50
2-member £43.00 |
| 5. | Travelling expenses of the Returning Officer, Deputy Returning Officer and Assistants. Per mile..... | £0.45 |
| 6. | For printing and providing forms, notices and other documents required for the election, including the printing costs, computer charges and all associated costs of producing official poll and postal vote cards, together with advertising expenses, postage, telephone calls and miscellaneous expenses | Actual and necessary cost |

PART II - CONTESTED ELECTION

A – FEES

- | | | |
|----|---|-------------------------------------|
| 7. | To the Returning Officer, for conducting the election and generally performing the duties required by any enactments relating to the election, other than any duties for which separate fees are provided. For each Electoral Division, a fee of..... | 1-member £91.30
2-member £182.60 |
| 8. | To a Deputy Returning Officer appointed for the purposes of conducting and generally performing the duties assigned by the Returning Officer, other than duties for which separate fees are provided. For each Electoral Division, a fee of | 1-member £86.90
2-member £173.80 |

(If a duly appointed Deputy Returning Officer also carries out the functions specified under Item 9 of this scale, he will be entitled to claim the fees payable under both item 8 and item 9 of the scale)

- | | | |
|----|---|-------------------------------------|
| 9. | To a Deputy Returning Officer appointed solely for the purposes of rules 25(b) and 38 to 46 of the Local Elections (Principal Areas) Rules 1986 (or such legislation as may subsequently be enacted), for making arrangements for counting the votes and declaring the result of the poll. For each Electoral Division, a fee of..... | 1-member £58.30
2-member £116.60 |
|----|---|-------------------------------------|

(A Deputy Returning Officer appointed under this item cannot claim the fee payable under item 14 of this scale)

- | | | |
|-----|-----------------------|--------|
| 9A. | For each Recount..... | £14.00 |
|-----|-----------------------|--------|

B – DISBURSEMENTS

10.	Presiding Officer, a fee of.....	£180.00
	or where a poll is combined with a district council or parish council poll, a fee of.....	£205.00
11.	Poll Clerk, a fee of.....	£115.00
	or where a poll is combined with a district council or parish council poll, a fee of.....	£132.00
(The fees for presiding officers and poll clerks include all expenses other than travelling expenses specified in item 21 of this scale)		
12.	An additional poll clerk may be employed full-time or part-time at a polling station at the discretion of the Returning Officer or his duly appointed Deputy Returning Officer, and may be paid an appropriate proportionate amount within the fee payable under item 11 of this scale.	
13.	For the provision of training for polling station staff, including a payment for staff undertaking the training	£30.00 per presiding officer and poll clerk
14.	Counting/Verification Supervisor: A fee of	
	(a) for the first hour.....	£16.00
	(b) for each half hour thereafter or part thereof.....	£8.00
15.	Counting/Verification Assistant: A fee of	
	(a) for the first hour.....	£12.00
	(b) for each half hour thereafter or part thereof.....	£6.00
16.	For the employment of persons for clerical and all other assistance other than where separate fees are provided. For each Electoral Division.....	1-member £108.50 2-member £217.00
17.	Preparation and issue of poll cards and postal vote cards	1-member £18.45 2-member £36.90
	(a) For supervising the preparation and issue of official poll and postal vote cards. For each Electoral Division, a fee of.....	
	(b) For the employment of persons in connection with preparation and issue of official poll and postal vote cards. For every 100 cards or fraction thereof for each Electoral Division, a fee of.....	£2.30
18.	To an officer designated by the Returning Officer or his duly appointed Deputy, for inspection and supervision of polling stations. A fee of.....	£190.00
19.	For preparation of ballot boxes. For each polling station, a fee of.....	£3.65

20.	For issue and receipt of postal ballot papers. For each Electoral Division (a) where the number of postal ballot papers issued is less than 25, a fee of.....	£24.10
	(b) plus for each additional 25 or part thereof issued thereafter, a fee of.....	£11.55
21.	For travelling expenses of the Returning Officer, Deputy Returning Officer, Assistants, Presiding Officers, Poll Clerks and Counting Assistants, and for posting Notices of Election and Notices of Poll. Per mile.....	£0.45
22.	Hire of rooms.....	Actual and necessary cost
23.	For preparing a room for the purpose of a poll, and of a count, and cleaning and reinstating the room (per station) (a) in the case of a school maintained by a local authority, which may be used free of hire charge, the caretaker's fee is to be paid in accordance with the allowances in force in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service; or any local agreement;	Actual and necessary cost
	and (b) in any other building.....	Actual and necessary cost
24.	Heating and lighting (per polling station) ...	Actual and necessary cost
25.	Conveyance of ballot boxes and voting screens.....	Actual and necessary cost
26.	Compensation payable in consequence of the cancellation of functions in order to make suitable premises available for use as polling stations or places of count.....	Actual and necessary cost
27.	For provision of ballot boxes and voting screens, for printing notices, ballot papers and other forms and documents required, including the printing costs, computer charges and all associated costs of producing the official poll and postal vote cards, and for stationery, advertising, postage, telephone calls, bank charges and miscellaneous expenses.....	Actual and necessary cost

NOTE: At a combined election of County with District or Parish Councillors, wherever appropriate the costs are to be shared on an equal basis between the relevant Authorities, unless a particular expense can actually be allocated to a specific authority.

Nick Graham, Chief Legal Officer and Monitoring Officer

Agreed by Audit & Governance Committee: (date to be completed)

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Division(s): All

AUDIT AND GOVERNANCE COMMITTEE – 14 SEPTEMBER 2016

REPORT ON THE AUTHORITY’S POLICY FOR COMPLIANCE WITH THE REGULATION OF INVESTIGATORY POWERS ACT 2000 AND USE OF ACTIVITIES WITHIN THE SCOPE OF THIS ACT

Report by Chief Legal Officer

Introduction

1. The Regulation of Investigatory Powers Act 2000 ('the Act') creates the legal framework for the lawful use of covert surveillance and access to telecommunications data by public authorities. Prior to the introduction of this Act, the use of covert surveillance and access to communications data were not controlled by statute. Codes of Practice issued under this Act contain the detail that public authorities must have regard to when using covert surveillance or accessing communications data.
2. There is no direct sanction within the Act against Local Authorities for failing to comply with its provisions. Nevertheless covert surveillance or accessing communications data by its nature is an interference of a person's right to a private and family life guaranteed under Article 8 of the European Convention on Human Rights. The consequences of not obtaining prior authorisation in accordance with the Act may mean that any surveillance evidence gathered may be ruled inadmissible by the Court. In addition, the action may be unlawful by virtue of Section 6 of the Human Rights Act 1998 i.e. a failure by the Authority to conduct this work in accordance with human rights conventions.
3. Since 2012 it has been necessary for local authorities to seek judicial approval of any authorisations granted for surveillance within the scope of the RIP Act. This judicial approval must be received before the surveillance can be carried out.
4. The Codes of Practice under the Act require that elected members review the Authority's use of the Act periodically and review the Authority's policy annually. This paper provides a summary of the activities undertaken by Oxfordshire County Council that fall within the scope of this Act for the period from April 2015 to March 2016. The Authority's Policy for Compliance with the Regulation of Investigatory Powers Act 2000 is attached in annex 1 for consideration.

Exempt Information

5. This report contains no exempt information. However, if specific details of operations or activities are required by the committee it may be necessary for the committee to exclude members of the public from the meeting in order to either-
 - a. Prevent the disclosure of information relating to an individual, or
 - b. Prevent the disclosure of information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of a crime.

Use of the Act by Oxfordshire County Council

6. Between April 2015 and March 2016 the Council authorised covert surveillance on only 2 occasions. Only one authorisation was pursued further to the point of seeking Magistrate's approval. No requests for authorisation were refused.
7. This represents a reduction in the number of authorisations to the previous year as there were 5 authorisations granted in the period between April 2014 and March 2015. The need for surveillance does vary according to the operational requirements and priorities of the Service. By way of comparison there were only 2 authorisations between April 2013 and March 2014.
8. The authorisation for surveillance granted in 2015 related to age restricted products. Monitoring of the sale of age restricted goods such as cigarettes, knives and alcohol to persons under the legal minimum age of purchase involves young volunteers attempting to purchase the relevant product whilst being observed by Trading Standards Officers. This constitutes surveillance and has to be authorised under the RIP Act.
9. In October 2015 9 businesses in Oxfordshire were visited to test whether they would sell cigarettes to a person under 18 years of age. All the businesses refused to sell cigarettes to the young volunteer involved in the test purchasing.
10. In relation to the authorisation which was granted but which did not proceed to Magistrate's approval this related to a doorstep crime incident. After seeking internal authorisation to install a camera in the victim's property in order to record images of persons visiting the property the investigating officer subsequently determined that this surveillance was not required. As a result no application was made for judicial approval of the surveillance and no surveillance was carried out.
11. The committee may be interested in the outcomes of investigations that involved the use of covert surveillance authorised under the RIP Act. In 2014 a number of test purchases of new psychoactive substances, or 'legal highs' were carried out. As a result of this action and the subsequent investigation open sales of these products from shops in Oxfordshire ceased in 2015. The Council currently has a prosecution scheduled for trial in January 2017

relating to charges against a business and two individuals for the supply of these products.

12. In the same period there were no requests for access to communications data that were authorised (i.e. requests to provide the names and addresses of subscribers of telephone numbers). In the previous year there were 22 requests for access to communications data but these all related to a single investigation into the activities of a range of people operating various home repairs businesses. The large number of requests reflects the number of different mobile phones used by the individuals subject to that investigation.

Magistrate's Oversight

13. In October 2012 a new requirement for oversight of authorisations of covert surveillance activities was introduced by the Protection of Freedoms Act 2012. All authorisations for covert surveillance activities falling within the scope of the Act granted by local authorities now need Magistrate's approval before they take effect. Since these changes came into force Magistrate's approval has been granted on all occasions that an application has been made.

Policy

14. The Authority's Policy on Compliance with the Regulation of Investigatory Powers Act 2000 is annexed to this report. The Policy was updated during 2012 to reflect the changes to the requirements introduced through the Protection of Freedoms Act 2012. The policy has been reviewed and remains up to date but the committee are invited to comment on any amendments or changes that may be appropriate.

External Inspection

15. Public authorities are subject to periodic inspection by the Office of Surveillance Commissioners (OSC). These inspections review the authority's systems of internal control and comment on the appropriateness of authorisations granted under the Act.
16. This authority was last inspected by the OSC in May 2014. The outcome of this inspection was reported to the committee previously.

Recommendation

17. **The Committee is RECOMMENDED**
 - a) **to consider and note the use of activities within the scope of RIPA by Oxfordshire County Council, and**
 - b) **to comment on any changes to the Policy for Compliance with the Regulation of Investigatory Powers Act 2000 that the committee would wish the Monitoring Officer to consider.**

NAME: Nick Graham
Chief Legal Officer

Background papers: None
Contact Officer: Richard Webb; Head of Community Protection Services
Telephone 01865 815791

August 2016

1. Introduction

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of covert surveillance activities by Local Authorities. Special authorisation arrangements need to be put in place whenever the Local Authority considers commencing a covert surveillance or obtaining information by the use of informants or officers acting in an undercover capacity.
- 1.2 This also includes the use of social media sites for gathering evidence to assist in enforcement activities, as set out below:
- officers must not create a false identity in order to ‘befriend’ individuals on social networks without authorisation under RIPA.
 - officers viewing an individual’s public profile on a social network should do so only to the minimum degree necessary and proportionate in order to obtain evidence to support or refute the suspicions or allegations under investigation
 - repeated viewing of open profiles on social networks to gather evidence or to monitor an individual’s status, must only take place once RIPA authorisation has been granted and approved by a Magistrate
 - officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, take reasonable steps to ensure its validity.
- 1.3 Local Authorities do operate covert activities in a number of key areas. Activities can include covert surveillance in relation to Internal Audit and Human Resources where fraud, deception or gross misconduct by staff might be suspected. The legal requirements are now supplemented by codes of practice issued by the Home Office for certain surveillance activities, (covert surveillance activity and covert human intelligence sources) breaches of which can be cited in Court as evidence of failure to abide by the requirements of RIPA. This may mean that the evidence obtained by that surveillance is excluded.
- 1.4 The Council policy is that specific authorisation is required for any covert surveillance investigation. There are only a small number of authorising Officers who can give this permission and these are as follows:
- Chief Legal Officer
 - Designated authorising officer – Head of Community Protection Services
- Before authorisation it will normally be necessary to consult with the relevant Deputy Director/Head of Service.
- 1.5 Before seeking authorisation you should discuss the matter with your Line Manager.

1.6 This Policy applies to all services except Trading Standards who have their own specific internal Service procedures for dealing with authorisations. However, copies of all authorisations including those for Trading Standards will be forwarded to the Chief Legal Officer for retention in a central register, and Trading Standards will simply be exempt from the provisions of this policy concerning prior authorisation.

2 Definitions

Surveillance – includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained.

Covert Surveillance – This is carried out to ensure the person who is the subject of the surveillance is unaware that it is or may be taking place. The provisions of RIPA apply to the following forms of covert surveillance:

- a) **Directed Surveillance** – is covert but not intrusive, is undertaken for the purposes of a specific investigation which is likely to result in the obtaining of private information about a person (targeted or otherwise) e.g. checking staff are making claimed visits, time spent etc.
- b) **Intrusive Surveillance** - local authorities may not use hidden officers or concealed surveillance devices within a person's home or vehicle in order to directly observe that person.¹
- c) **Covert Human Intelligence Source (CHIS)** – this is an undercover operation whereby an informant or undercover officer establishes or maintains some sort of relationship with the person in order to obtain private information e.g. test purchasing, telephone calls where the identity of the caller is withheld.

Deputy Director/Head of Service – this also includes those authorised to act on behalf of the Deputy Director/Head of Service as set out in clause 7.4.

3 RIPA Requirements

3.1 Directed surveillance only falls within the scope of the RIPA if it meets one of the following tests – criminal offences which attract a maximum custodial sentence of six months or more or criminal offences relating to the underage sale of alcohol or tobacco.

Directed surveillance that does not meet one of these tests will fall outside the scope of the RIPA. In this instance specific authorisation must be sought from the Chief Legal Officer before the activity can take place.

3.2 Basically directed surveillance must be authorised prior to it taking place, be subject to regular review and must be shown to be **necessary and proportionate**. RIPA does not enable a local authority to make any authorisations to carry out intrusive surveillance.

¹ The Regulation of Investigatory Powers (Extension of Authorisation Provisions: Legal Consultations) Order 2010 [the 2010 Order] provides that directed surveillance carried out in certain premises (e.g. prisons, law firms, police stations) used for the purpose of legal consultations also amount to intrusive surveillance.

- 3.3 All non-intrusive covert surveillance and CHIS requires prior authorisation by the appropriate Local Authority Officer (as set out in this policy) before any surveillance activity takes place. The only exception to this is where covert surveillance is undertaken by way of an immediate response to events that means it was not foreseeable and not practical to obtain prior authorisation.
- 3.4 Judicial approval is also required before any internal authorisations given under RIPA take effect. Once internal authorisation has been granted a specific application to the Magistrates Court will be required.
- 3.5 There is no direct sanction against Local Authorities within the RIPA for failing to seek or obtain authorisation within the organisation for surveillance, nevertheless such activity by its nature is an interference of a person's right to a private and family life guaranteed under Article 8 of the European Convention on Human Rights. The Investigatory Powers Tribunal is able to investigate complaints from anyone who feels aggrieved by a public authority's exercise of its powers under RIPA.
- 3.6 The consequences of not obtaining authorisation and Judicial approval may mean that the action is unlawful by virtue of Section 6 of the Human Rights Act 1998 i.e. a failure by the Authority to conduct this work in accordance with human rights conventions. Obtaining authorisation will ensure the Local Authority's actions are carried out in accordance with the law and satisfy the stringent and necessary safeguards against abuse.

4 Grounds of Necessity

The authorisation by itself does not ensure lawfulness, as it is necessary also to demonstrate that the interference was justified as both necessary and proportionate. **The statutory grounds of necessity must apply for the purposes of preventing or detecting crime or of preventing disorder.**

5 Proportionality

- 5.1 Once a ground for necessity is demonstrated, the person granting the authorisation must also believe that the use of an intelligence source or surveillance is proportionate to what is aimed to be achieved by the conduct and use of that source or surveillance. This involves balancing the intrusive nature of the investigation or operation and the impact on the target or others who might be affected by it against the need for the information to be used in operational terms. Other less intrusive options should be considered and evaluated. All RIPA investigations or operations are intrusive and should be carefully managed to meet the objective in question and must not be used in an arbitrary or unfair way.
- 5.2 An application for an authorisation should include an assessment of the risk of any collateral intrusion i.e. the risk of intrusion into the privacy of persons other than those directly targeted by the operation. Measures should be taken wherever practicable to avoid unnecessary intrusion into the lives of those not directly connected with the operation.

6 Confidential Material

Where an investigation may reveal sensitive and confidential material, this requires special authorisation by the County Director or his/her delegated Authorising Officer.

7 Implementation Procedure

7.1 Deputy Directors/Heads of Service shall be responsible for seeking authorisation for surveillance. They have operational responsibility for ensuring compliance with the requirements of RIPA and Home Office Codes of Practice (Covert Surveillance/Covert Human Intelligence Services, which can be downloaded from the following link <http://homeoffice.gov.uk/counter-terrorism/>) in relation to covert surveillance and covert human intelligence source for their service.

7.2 All applications for authorisation and authorisations must be made in accordance with the procedure and on the appropriate forms: (download forms from the following link: <http://intranet.oxfordshire.gov.uk/cms/content/ripa-policy-surveillance>)

RIPA Form 1 –	Authorisation Directed Surveillance
RIPA Form 2 –	Review of a Directed Surveillance Authorisation
RIPA Form 3 –	Renewal of a Directed Surveillance Authorisation
RIPA Form 4 –	Cancellation of a Directed Surveillance Authorisation
RIPA Form 5 –	Application for Authorisation of the conduct or use of a Covert Human Intelligence Source (CHIS)
RIPA Form 6 –	Review of a Covert Human Intelligence Source (CHIS) Authorisation
RIPA Form 7 –	Application for renewal of a Covert Human Intelligence Source (CHIS) Authorisation
RIPA Form 8 –	Cancellation of an Authorisation for the use or conduct of a Covert Human Intelligence Source (CHIS)
RIPA Form 9 –	Application request for Communications Data
RIPA Form 10 –	Application for a Judicial Order

7.3 All requests for authorisation must be forwarded to the Chief Legal Officer who will maintain a central record for inspection. The Chief Legal Officer will monitor the central register periodically and produce an annual report to CCMT and Audit & Governance Committee. Renewal of authorisations will be for 3 months and cancellation^{2 3} of authorisations should be requested as soon as possible i.e. as soon as the surveillance is no longer considered necessary. Judicial approval is required for the renewal of an authorisation but it is not required for any internal review or cancellation.

7.4 The Authorising Officers may authorise a person to act in their absence, the substitute will be a Senior Manager and who will have overall management responsibility for the operation/investigation. A list of all current named Authorising Officers and named substitutes will be included in the central

² All cancellations must be made in compliance with OSC guidance note 145

³ Office of the Surveillance Commissioner – Procedures and Guidance

register and appended to this Policy (Appendix 1). The Chief Legal Officer will approve all proposed Authorising Officers for inclusion in a central register. The annual report to CCMT and Audit & Governance Committee will also include a review of the appropriate designated Authorising Officers.

- 7.5 All Managers have responsibility for ensuring that they have sufficient understanding to recognise when an investigation or operation falls within the requirements of RIPA. Authorising Officers will keep up to date with developments in the law and best practice relating to RIPA.
- 7.6 Authorising Officers must ensure full compliance with the RIPA Authorisation Procedure set out in the appropriate forms in 7.2 above.
- 7.7 Authorising Officers and Deputy Directors/Heads of Service will co-operate fully with any inspection arranged by the Office of Surveillance Commissioners.
- 7.8 RIPA Coordinator (Head of Community Protection Services)

The role of the RIPA coordinator is to have day-to-day oversight of all RIPA authorisations and maintain a central register of all authorisations, review dates, cancellations and renewals.

All forms should be passed through the coordinator to ensure that there is a complete record of all authorisations, contents of the forms will be monitored to ensure they are correctly filled in and the coordinator will supply quarterly statistics to the Senior Responsible Officer (Chief Legal Officer/Monitoring Officer).

The Coordinator will also monitor training requirements and organise training for new staff as appropriate, and ensure continued awareness of RIPA throughout the council via staff information on the Council's Intranet.

8 Communications Data

- 8.1 Part I of RIPA sets out these requirements. The Council can access certain communications data only "for the purpose of preventing or detecting crime or of preventing disorder". The exception to this is for the Fire Control Officer in an emergency for the purposes of preventing death or injury.

Despite what some commentators claim the Council does not have an automatic legal right to intercept (i.e. "bug") phones or listen into other people's telephone conversations. The primary power the Council has is to obtain certain details (e.g. name and address) of a telephone subscriber from communication service providers (CSP) such as: BT, Vodafone, Orange etc.

Monitoring of calls may be necessary for legitimate employment purposes but will be subject to the same authorisation requirements as set out in this policy.

- 8.2 The applications to obtain communications data, other than for the prevention of death or injury as in 8.1 above, must be made by a Home Office designated

“Single Point of Contact (SPOC)”. Arrangements are in place to enable the authority to access communications data via a third party “SPOC”. Requests must be forwarded to the Head of Community Protection Services who will consult with the relevant Deputy Director/Head of Service. If the Head of Community Protection Services agrees the request is within the scope of RIPA he will make arrangements for the request to be processed via the SPOC.

8.3 The concept of the “SPOC” has been agreed between the Home Office and the CSP and introduces a verification process to ensure that only data entitled to be obtained is so obtained. Judicial approval of the application is required and the SPOC will not obtain any communications data without evidence of judicial approval.

8.4 Under guidance from the Interception of Communications Commissioner’s Office, internal authorisation for an application to access communications data must be provided by an officer who is independent from the service conducting the investigation. Legal Services can provide appropriate independent authorisation of applications.

9 Briefings

The Chief Legal Officer will provide updates on the RIPA legislation and best practice but Deputy Directors/Heads of Service and other Managers must be able to recognise potential RIPA situations.

10 Conclusion

The benefit of having a clear and regulated system of authorising all covert activities is self-evident. Surveillance by its very nature is intrusive and therefore should be subject to appropriate scrutiny at the highest level and the authorisation procedure requires that the reasons for the decision are specifically and clearly set out and the basis for the decision is readily accessible and understood. Completion of appropriate authorisations also means that in reaching a decision alternative options will also have been fully explored. Proper compliance with the procedure and properly recorded authorisations are the best defence should any of our investigations be challenged.

11 Review of Authorisations and Policy

The Council’s “Audit and Governance Committee” will review:

- all authorised RIPA applications quarterly; and
- receive an annual report from the Chief Legal Officer on the operation of the Policy; and
- review the policy annually to ensure it remains compliant with current legislation, relevant codes of practice and continue to meet the responsibilities of the council.

Senior Responsible Officer: Chief Legal Officer and Monitoring Officer

RIPA Coordinator: Head of Community Protection Services

Date: September 2016

Next Review Date:

September 2017

Appendix 1 – Authorising Officers and Named Substitutes

Surveillance:

*Authorising Officer – Nick Graham, Chief Legal Officer and Monitoring Officer

*Named Substitute – Lorna Baxter, Chief Finance Officer

Authorising Officer – Richard Webb, Head of Community Protection Services

**Confidential Material Special Authorisation – Peter G Clark, County Director

**Named Substitute – Lorna Baxter, Chief Finance Officer

Communications data:

Authorising Officers:

Nick Graham, Chief Legal Officer and Monitoring Officer

Glenn Watson, Principal Governance Officer

Richard Webb, Head of Community Protection Services

AUDIT and GOVERNANCE COMMITTEE – 14 SEPTEMBER 2016

REPORT OF THE AUDIT WORKING GROUP (AWG)

The Audit Working Group met on Thursday 1 September 2016

Attendance:

Full Meeting:

Chairman Dr Geoff Jones; Cllr Sandy Lovatt; Cllr Roz Smith; Cllr Nick Hards; Cllr David Wilmshurst; Nick Graham, Chief Legal Officer and Monitoring Officer; Ian Dyson, Assistant Chief Finance Officer (Assurance); Sarah Cox, Interim Chief Internal Auditor; Joanne Hilliar (minutes)

Part Meeting:

Llewelyn Morgan, E&E Service Manager-Localities Policy Programme

Matters to Report:

AWG 16.03 CCMT Level Risk (SV/03)

1. The group received an update on a specific risk that they had requested further clarification on previously when reviewing the E&E risk registers, in respect of "a lack of resource to ensure that infrastructure is delivered on a large volume of strategic sites". The group was satisfied that despite significant challenges with attracting skilled permanent staff, that the resourcing issues within the strategy team has improved, particularly through the recruitment of graduates and that the risk is being managed sufficiently.

AWG 16.04 Whistleblowing Annual Report

2. The group was presented with the Whistleblowing Annual Report. There are no issues to report. There was recognition that further work with the Directorates would be undertaken to ensure that all complaints and information received is categorised where appropriate as a whistleblowing allegation. The group noted that the whistleblowing policy is also to be updated with change of officers and post titles.

AWG 16.05 Internal Audit Update

3. The group received an update from the Chief Internal Auditor on progress against the Internal Audit Plan and the Counter Fraud Plan. There were no material issues identified in the audit reports finalised since July 2016. An emerging issue was highlighted to the group regarding a current audit of Mental Health. The report will be finalised in advance of the next Audit Working Group in October and will be considered at that meeting when the Deputy Director of Adult Social Care will attend. The group noted the work undertaken on the Counter Fraud Plan and recent outcomes from investigations completed. The group reviewed in detail the overdue Priority 1 management actions. These are subject to continued monitoring and

escalation by Internal Audit to the Directorate Leadership Teams, in addition to a number of follow up audits included within the 16/17 plan which will be reported back to the group and the Audit & Governance Committee later in the year.

AWG 16.06 Update on Financial Control Improvement Plan

4. The Group received an update from the Assistant Chief Finance Officer (Assurance) explaining the recent developments and improvements around partnership management and communication with the IBC and the prioritisation of the improvements to financial control, including BDU and Controcc business processes.

AWG 16.07 Confirmation of membership of AWG

5. The terms of reference of the Audit Working Group requires that the Chair of the Audit & Governance Committee attends the Audit Working Group. Since the Chairman of the Audit & Governance Committee has changed it was agreed that the Audit & Governance Committee should review and confirm the membership of the Audit Working Group.
6. The date of the next meeting is Thursday 27 October 2016, 2:00-4:00.

RECOMMENDATIONS

7. The Committee is RECOMMENDED

- a) to note the report; and
- b) to review and confirm the membership of the Audit Working Group in line with the agreed terms of reference.

Lorna Baxter
Chief Finance Officer

Contact: Officer: Sarah Cox, Audit Manager (Interim Chief Internal Auditor)
07393 001246 sarah.cox@oxfordshire.gov.uk

AUDIT & GOVERNANCE COMMITTEE WORK PROGRAMME - 2016

2016

13 January 2016

Treasury Management Strategy (Lewis Gosling)
Internal Audit Plan Update and Progress Report (Ian Dyson)
Report from the Councillor Profile Working Group (Andrea Newman)

24 February 2016

SCS LEAN and IT system update (Kate Terroni)
Audit Committee Annual Report to Council 2015
Update on Hampshire Partnership (Lorna Baxter)
Ernst & Young Audit Plans and Sector Briefing (Alan Witty)

20 April 2016

Internal Audit Services – Internal Audit Strategy & Annual Plan (Ian Dyson)
Review of Effectiveness of Internal Audit (Nick Graham)
External Auditors Progress Report (EY)
External Auditors Grant Claim Report (EY)
Annual Scrutiny Report (policy)
Corporate Governance Plan (NG)
Monitoring Officer Annual Report (NG)
Progress Report on the Actions in the 2014/15 Annual Governance Statement (LB)

13 July 2016

Annual Report of the Chief Internal Auditor (Ian Dyson)
Treasury Management Outturn 2015/16
Fire & Rescue Service Statement of Assurance 2015/16
Progress Report – EY
Update on Hampshire Partnership (Lorna Baxter)

14 September 2016

Final Accounts 2015/16 (Lorna Baxter)
Fees and Disbursements for Elections (Andrea Newman)
Local Government Ombudsman's Review of Oxfordshire County Council (Nick Graham)
Annual Results – EY
Internal Audit Plan – Progress Report (Sarah Cox)
RIPA (Richard Webb)
Update on Financial Control Improvement Plan (Ian Dyson)
Report from Director of Transformation (Mark Stone)

9 November 2016

Annual Letter (EY)
Treasury Management Mid Term Review (Donna Ross)
Update on Financial Control Improvement Plan (Ian Dyson)
Senior Management Review (Peter Clark)

11 January 2017

Update on Hampshire Partnership – HR Update (Steve Munn)

Fees and Disbursements for Elections 2017-18 (Andrea Newman)

Standing Items:

- Audit Working Group reports
(Sarah Cox)
- Audit & Governance Committee Work Programme – update/review
(Committee Officer/Chairman/relevant officers)
- Future of Adult Social Care in Oxfordshire – Regular Progress update on
Implementation Plan (**Quarterly**)
- Update on Financial Control Improvement Plan (Ian Dyson)

Other matters:

Risk Management Strategy

Risk Management Annual Report (Ian Dyson)

Pension Benefits Sub-Committee at which issues of dismissal and redundancy were
decided,

Partnerships – Progress Report