

OXFORDSHIRE COUNTY COUNCIL

STATEMENT OF ACCOUNTS

2013/14

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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 2014. They have been compiled in accordance with the statutory requirements of the Accounts and Audit Regulations 2011 and in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 ("the Code"). To meet statutory requirements, the Chief Finance Officer is required to sign the accounts no later than 30 June 2014 and certify that they give a true and fair view of the County Council's position. This was achieved on 23 June 2014 when the Chief Finance Officer authorised the accounts for issue. The County Council is required to consider and approve the accounts no later than 30 September 2014. The Audit & Governance Committee is scheduled to meet on 18 September 2014 to fulfil this requirement.

The purpose of this foreword 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
- an overview of the County Council's performance during the year
- an overview of the County Council's future plans for service delivery and how they will be funded

A glossary of terms is provided on page 196 to assist the reader in interpreting the accounts.

The Statements

The principal 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 2013/14 the net reduction in the County Fund Balance before transfers from earmarked reserves was £1.409m. After transfers to earmarked reserves the closing balance for the County Fund was £21.494m.
- **Comprehensive Income and Expenditure Statement** which shows the accounting cost in the year of providing services in accordance with generally accepted accounting principles based on International Financial Reporting Standards, 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

FOREWORD BY THE CHIEF FINANCE OFFICER

the Movement in Reserves Statement. The Deficit on the Provision of Services for 2013/14 was £54.634m.

- **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 2014 were £277.807m.
- **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 increase in cash and cash equivalents for 2013/14 was £3.327m.
- **Pension Fund Accounts** which set out the accounts of the Oxfordshire Local Government Pension Scheme and the Firefighters' 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.

There has been one significant change to the Code's requirements this year. The Code has adopted the revised International Accounting Standard (IAS) 19 *Employee Benefits* (June 2011 Amendments). The main changes relate to retirement benefits definitions and disclosures – further detail is provided in note 1 Summary of Significant Accounting Policies. These changes do not require retrospective restatement of the accounts as there is no change to the amounts recognised in the Balance Sheet, however comparative data for 2012/13 has been restated to reflect the new definitions and terminology. Responsibility for Public Health transferred to the County Council from the NHS on 1 April 2013. Expenditure and income for this service is reported in the Comprehensive Income and Expenditure Statement, with further detail in notes 5 and 6.

Revenue Expenditure

The County Council set a Council Tax requirement for 2013/14 of £268.449m. Following two years when the council tax increase was frozen, pressures and reductions in funding meant that the Band D Council Tax increased by 1.99% in 2013/14. Underpinning that the

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Business Strategy and Service & Resource Planning Process for 2011/12 included planned savings of £119m over the period 2011/12 – 2014/15. Due to further funding reductions and new pressures additional planned savings of £46m over the period 2013/14 – 2016/17 were agreed in February 2013. In the main, the Strategies are being delivered as planned with the majority of the savings for the year being achieved.

In terms of the County Council's actual expenditure, the Code requires the presentation set out in the Comprehensive Income and Expenditure Statement (page 11). However for internal purposes, expenditure is reported on a directorate basis.

The Provisional Revenue and Capital Outturn Report to Cabinet on 17 June 2014 (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 £'000	Latest budget £'000	Actual net expenditure £'000	Variation against latest budget £'000
Children, Education & Families	105,201	106,522	106,594	72
Social & Community Services	206,916	209,766	210,251	485
Environment & Economy	79,267	80,096	79,099	-997
Chief Executive's Office	20,562	20,775	19,897	-878
Public Health	0	0	0	0
	411,946	417,159	415,841	-1,318
Strategic Measures:				
Contributions to / from (-) Reserves	-1,818	-487	734	1,221
Contributions to Balances	3,000	-443	131	574
Pension Past Service Deficit Funding	1,500	1,500	1,500	0
Contingency	2,308	8	9	1
Capital Financing	35,271	35,271	35,155	-116
Interest on Balances	-4,444	-4,444	-5,587	-1,143
	35,817	31,405	31,942	537
Government Grants	-17,083	-17,884	-19,821	-1,937
Council Tax	-4,763	-4,763	-4,763	0
Revenue Support Grant	-94,487	-94,487	-94,561	-74
Business Rates Top-Up Grant	-35,694	-35,694	-35,694	0
Business Rates	-27,287	-27,287	-27,256	31
Council Tax Requirement	268,449	268,449	265,688	-2,761

A breakdown of expenditure met from the County Fund and how it is financed is shown in the pie charts on page 8.

The directorates' variation against budget of -£1.318m is the position after achieving the savings built into the budget. £4.040m additional one – off funding to manage overspends and unachievable savings in Children, Education and Families and Social & Community Services was agreed during the year. This funding is included in the latest budget and reflected in the outturn variation.

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The underspend of £2.761m shown in the previous table compares to a Deficit on the Provision of Services of £54.634m. 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 2012/13, the largest element of the deficit is from a loss on the disposal of assets of £71.939m, 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 38).

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 2013	16,193	18,733
Additions to / calls on (-) balances	-500	2,761
County Fund balance 31 March 2014	15,693	21,494

County Council balances as at 31 March 2014 were £5.801m higher than forecast in the 2013/14 to 2017/18 Medium Term Financial Plan after taking account of £3.039m Severe Weather Recovery Grant which was received at the end of March 2014. Excluding this, general balances were £18.455m. The budget provided for £2.000m calls on balances and £1.943m was drawn down during the year. Income from interest on balances was £1.143m higher than budgeted due to higher interest received arising from larger than forecast cash balances during the year and there was also a favourable variance on capital financing costs (£0.116m). Offsetting the additional income, a shortfall of £1.102m in unringfenced grant funding in 2013/14 was met from balances.

Earmarked reserves totalled £130.193m at the end of the year and comprise school reserves (£25.444m), directorate reserves (£47.514m), corporate reserves (£5.338m) and other reserves (£51.897m). 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 £19.393m. This will be used in line with the Medium Term Financial Plan agreed by Council in February 2014. Capital reserves total £29.022m and will be used to finance the Capital Programme agreed by Council.

Capital

Capital spend in 2013/14 was £67.201m including £5.254m of capitalised repair and maintenance, vehicles and equipment, and £0.032m of loans for works/equipment of a capital nature. Of the total capital spend £31.307m was spent on schools and other educational facilities, £27.540m on highways and transport schemes and the balance, £8.354m, on a range of other projects. Details of capital spending are provided in Note 32 (page 84). The capital spend was funded mainly from grants and contributions (£58.771m), with the remainder being from revenue (£7.209m) and prudential borrowing (£1.221m) (Note 34, page 86).

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Overall the balance for Property Plant and Equipment has reduced by £36.529m, 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 £666.812m, which reduces the County Council's net worth by 71%. The pensions liability has increased by £65.829m compared to last year, mainly as a result of changes to demographic and financial assumptions. Note 20 on retirement benefits (page 59) gives a better 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 £27.328m, comprising £27.181m for property built by Oxfordshire Care Partnership under a service concession arrangement and £0.147m for assets acquired by way of finance leases.

The County Council is the accountable body for the Growing Places Fund on behalf of the Oxfordshire Local Enterprise Partnership. £8.288m for the capital element of the grant is held within Capital Grants Receipts in Advance pending allocation to projects.

Performance over the last financial year

Over the last year the County Council has successfully:

- Worked alongside the Oxfordshire Local Enterprise Partnership and other partners to win a City Deal agreement from the Government. Around £55.5m of government funding can now be controlled locally to boost innovation and business growth, create jobs and help secure Oxfordshire's place as a world leader in technology, knowledge and expertise. Ultimately the deal is expected to be worth over £1.2bn when private sector investment is taken into account. Funding will support a raft of measures to support business, with skills training, transport infrastructure and accelerated building of 7,000 new houses to back up ambitious expansion plans for the county.
- Worked with the Oxfordshire Local Enterprise Partnership to develop the "Strategic Economic Plan".
- Responded to further prolonged widespread flooding across the county in early 2014, minimising risks to life and damage to property.
- Supported schools and parents to deliver further improvements in primary school results and the highest ever proportion of Oxfordshire GCSE students achieving at least five A*-C grades including English and Maths.
- Worked with the Oxfordshire Clinical Commissioning Group to agree a landmark joint funding scheme. Significantly expanded pooled budgets are improving care and outcomes for social care and healthcare users in Oxfordshire.
- Taken on the Public Health function following its return to local government in April 2013.

Plans for future service delivery

2014/15 is the first budget of the Conservative Independent Alliance administration following the elections in May 2013. The agreed budget for 2014/15 and the Medium Term

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Financial Plan (MTFP) to 2017/18 reflect the Council's overarching aim of a 'Thriving Oxfordshire'.

As part of the Service & Resource Planning process for 2014/15, Directorates were asked to develop new business strategies for the period up to 2017/18 and put forward savings proposals to address funding shortfalls and emerging expenditure pressures faced by the Council. These strategies incorporate the £31m planned savings that formed part of the 2013/14 to 2016/17 Medium Term Financial Plan agreed by Council in February 2013.

Although the previous Medium Term Financial Plan had assumed large reductions in the Council's funding from Government, further reductions in local government funding announced in the 2013 Budget and the 2013 Spending Round (which set out Government spending plans for 2015/16), restrictions on the level of Council Tax increase imposed by referendum limits and new expenditure pressures (particularly from demand led services) require additional savings of £64m over the period up to 2017/18.

The Cabinet published its budget proposals and its recommended Budget, Medium Term Financial Plan and Capital Programme on 28 January 2014. The budget proposals were built on the premise of fairness and protecting the most vulnerable from the impact of any cuts, as well as raising income, where possible, so that reductions in service budgets are less challenging.

A Council Tax requirement of £277.734m for 2014/15 was agreed on 18 February 2014, based on a Band D Council Tax of £1,208.41, an increase of 1.99% from the previous year. The capital programme also approved by Council in February 2014 included planned expenditure of £107.029m for 2014/15. The majority of this expenditure relates to school buildings and highways improvements. This capital expenditure will be funded by grants and contributions (£93.422m), prudential borrowing (£12.477m) and revenue (£1.130m). As at 31 March 2014 the County Council was contractually committed to £31.933m worth of 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 £484m for 2014/15, and an operational limit (the target limit for day to day activity) of £474m. 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 £405.8m although it will be noted from the balance sheet that this is part-funding assets valued in excess of £1.1bn.

Summary accounts

Whilst the detail of the Statement of Accounts is prescribed by legislation and is therefore long and complex, a summary version (available on the County Council's website) aims to simplify the presentation.

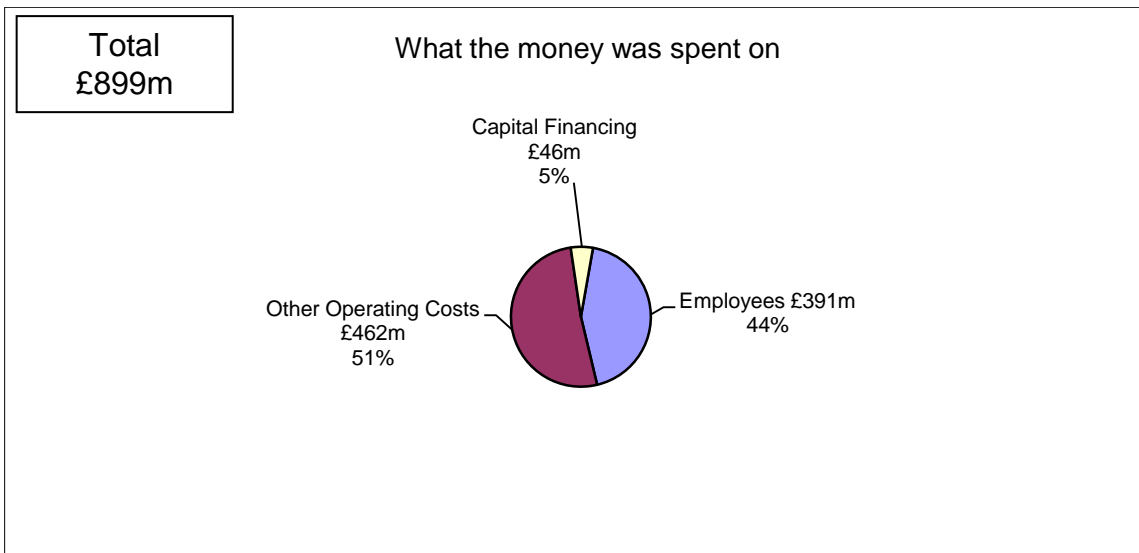
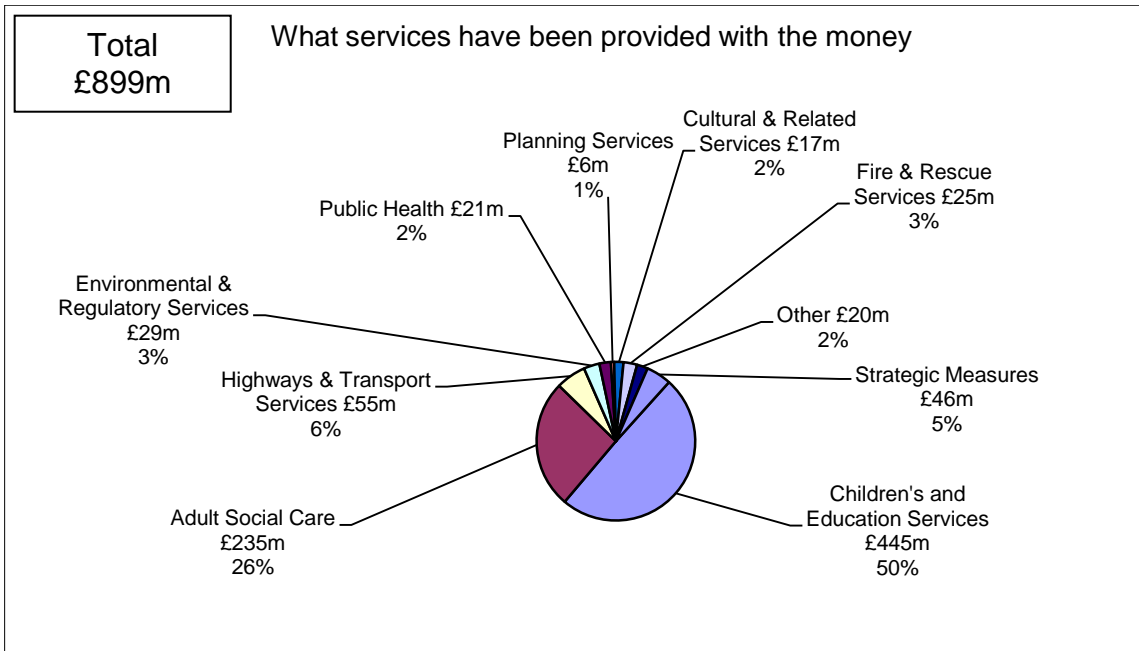
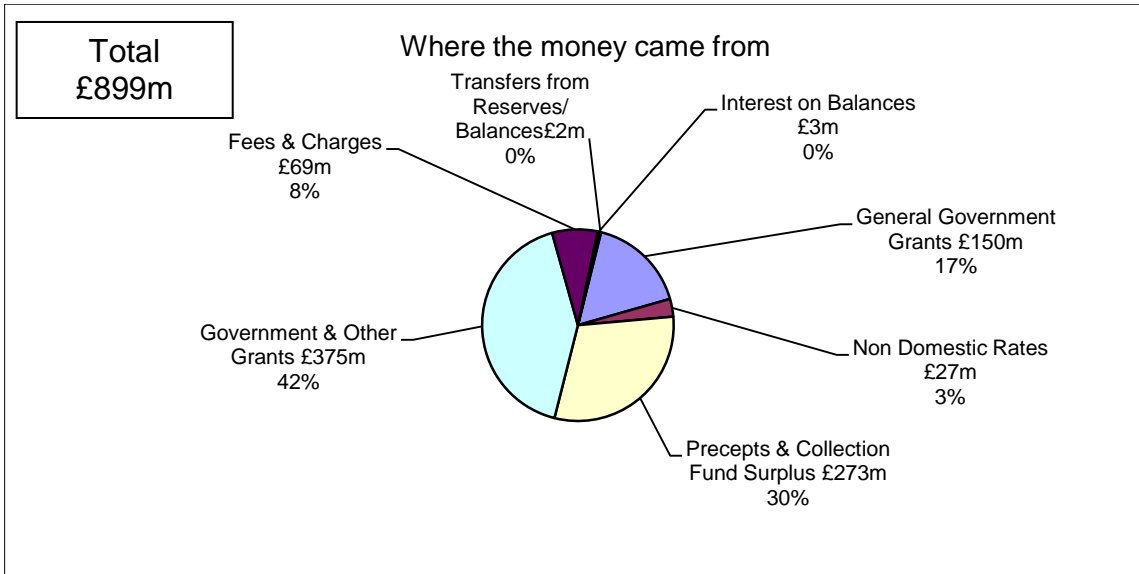
Conclusion

The County Council remains in a robust financial position as at 31 March 2014 despite the falling levels of government funding and pressures on Adult and Children's Social Care. While this is becoming increasingly challenging, Directorates are on track to deliver the required savings over the medium term, with some elements of the savings programme for future years being delivered ahead of schedule. Some funding from 2013/14 has been

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carried forward to help the continued delivery of the Business Strategy and to manage the cash flow implications of the Council's Medium Term Financial Plan. The Council remains well positioned to continue to deliver services within the reduced funding available in the medium term.

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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 2013/14 ('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 2014.

Signed:

Date

LORNA BAXTER
Chief Finance Officer

MOVEMENT IN RESERVES STATEMENT

A description of the purpose of this Statement is included in the Foreword.

	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 2012		13,893	117,061	9,420	39,830	180,204	293,276	473,480
Movement in reserves during 2012/13								
Surplus (+) or deficit (-) on Provision of Services		-179,502				-179,502	0	-179,502
Other Comprehensive Expenditure and Income			1,687			1,687	64,768	66,455
Total Comprehensive Income and Expenditure		-179,502	1,687	0	0	-177,815	64,768	-113,047
Adjustments between accounting basis & funding basis under regulations	4	201,261		1,197	14,300	216,758	-216,758	0
Net Increase/Decrease before Transfers to Earmarked Reserves		21,759	1,687	1,197	14,300	38,943	-151,990	-113,047
Transfers to/from Earmarked Reserves	52	-16,919	16,919			0	0	0
Increase (+)/Decrease (-) in Year		4,840	18,606	1,197	14,300	38,943	-151,990	-113,047
Balance at 31 March 2013		18,733	135,667	10,617	54,130	219,147	141,286	360,433
Movement in reserves during 2013/14								
Surplus (+) or deficit (-) on Provision of Services		-54,634				-54,634	0	-54,634
Other Comprehensive Expenditure and Income			-1,304			-1,304	-26,688	-27,992
Total Comprehensive Income and Expenditure		-54,634	-1,304	0	0	-55,938	-26,688	-82,626
Adjustments between accounting basis & funding basis under regulations	4	53,225		3,531	410	57,166	-57,166	0
Net Increase/Decrease before Transfers to Earmarked Reserves		-1,409	-1,304	3,531	410	1,228	-83,854	-82,626
Transfers to/from Earmarked Reserves	52	4,170	-4,170			0	0	0
Increase (+)/Decrease (-) in Year		2,761	-5,474	3,531	410	1,228	-83,854	-82,626
Balance at 31 March 2014		21,494	130,193	14,148	54,540	220,375	57,432	277,807

Schools' balances are held within Earmarked Reserves (see Note 52).

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A description of the purpose of this Statement is included in the Foreword.

2012/13				Notes	2013/14		
Gross Expenditure £'000	Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Income £'000	Net Expenditure £'000
512,873	-380,579	132,294	Children's and Education Services	7,8	466,369	-341,827	124,542
228,363	-47,855	180,508	Adult Social Care	9	241,185	-52,406	188,779
68,790	-9,340	59,450	Highways and Transport Services		73,289	-9,633	63,656
30,492	-369	30,123	Fire and Rescue Services		28,487	-607	27,880
26,983	-2,092	24,891	Environmental and Regulatory Services		28,783	-1,928	26,855
			Public Health		21,358	-25,608	-4,250
19,233	-1,878	17,355	Cultural and Related Services		18,533	-1,871	16,662
5,400	-899	4,501	Planning Services		5,870	-1,290	4,580
4,523	-1,426	3,097	Central Services to the Public		6,291	-1,908	4,383
-8,206	-622	-8,828	Other Corporate Services	11,12	1,696	-433	1,263
888,451	-445,060	443,391	Cost of Services	5,6	891,861	-437,511	454,350
212,958	-981	211,977	Other Operating Expenditure	16	74,953	-3,014	71,939
55,564	-10,911	44,653	Financing and Investment Income and Expenditure	17,18,19	51,615	-12,049	39,566
0	-520,519	-520,519	Taxation and Non-Specific Grant Income	21,22	0	-511,221	-511,221
1,156,973	-977,471	179,502	Surplus(-) or Deficit(+) on Provision of Services	5	1,018,429	-963,795	54,634
			Items that will not be reclassified to the Surplus(-) or Deficit(+) on Provision of Services:				
		9,377	Surplus or deficit on revaluation of non-current assets	56			-18,864
		3,071	Impairment losses on non-current assets charged to the revaluation reserve	56			2,981
		-76,915	Remeasurements of the net defined benefit liability (asset)	20			42,620
		-64,467					26,737
			Items that may be reclassified to the Surplus(-) or Deficit(+) on Provision of Services:				
		-301	Surplus or deficit on revaluation of available for sale financial assets				-49
		-1,687	Other gains or losses				1,304
		-1,988					1,255
		-66,455	Other Comprehensive Income and Expenditure				27,992
		113,047	Total Comprehensive Income and Expenditure				82,626

BALANCE SHEET

A description of the purpose of this Statement is included in the Foreword.

As at 31 March 2013		Notes	As at 31 March 2014	
£'000			£'000	£'000
	Long Term Assets			
1,169,576	Property, Plant and Equipment	24	1,133,047	
5,151	Investment Property	25	7,190	
1,600	Intangible Assets	27	712	
97,791	Long Term Investments	37,45	86,000	
5,965	Long Term Debtors	41	5,569	
1,280,083	Total Long Term Assets			1,232,518
	Current Assets			
535	Investment Property	25	0	
0	Assets Held for Sale	26	76	
210	Inventories	42	187	
40,082	Debtors	43	47,809	
215,037	Short Term Investments	37,45	231,372	
13,021	Cash and Cash Equivalents	44	16,348	
268,885	Total Current Assets			295,792
	Current Liabilities			
-31,609	Short Term Borrowing	37,45	-21,411	
-89,695	Short Term Creditors and Revenue Receipts in Advance	46	-85,440	
-3,948	Provisions due within 1 year	47,48	-4,237	
-812	Short Term Finance liability	30,31	-828	
-5,915	Short Term Capital Grants Receipts in Advance	50	-16,653	
-131,979	Total Current Liabilities			-128,569
	Long Term Liabilities			
-1,755	Long Term Creditors and Revenue Receipts in Advance	46	-2,606	
-4,626	Provisions due over 1 year	47,48	-6,879	
-386,631	Long Term Borrowing	37,45	-384,383	
-600,983	Pension Liability	20	-666,812	
-27,282	Long Term Finance Liability	30,31, 37,45	-26,500	
-5,123	Deferred Income	49	-4,130	
-30,156	Long Term Capital Grants Receipts in Advance	50	-30,624	
-1,056,556	Total Long Term Liabilities			-1,121,934
360,433	Net Assets			277,807
	Financed from:			
219,147	Usable Reserves	51-54	220,375	
141,286	Unusable Reserves	55-60	57,432	
360,433	Total Reserves			277,807

CASH FLOW STATEMENT

A description of the purpose of this Statement is included in the Foreword.

2012/13 £'000		Notes	2013/14 £'000
179,502	Net (surplus) or deficit on the provision of services		54,634
-269,482	Adjust net surplus or deficit on the provision of services for non-cash movements	61	-109,315
51,589	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		57,838
-38,391	Net cash flows from Operating Activities	62	3,157
90,600	Investing Activities	63	-18,305
9,391	Financing Activities	64	11,821
61,600	Net increase (-) or decrease (+) in cash and cash equivalents		-3,327
74,621	Cash and cash equivalents at the beginning of the reporting period		13,021
13,021	Cash and cash equivalents at the end of the reporting period		16,348

1. Summary of Significant Accounting Policies

General

The Statement of Accounts summarises the County Council's transactions for the 2013/14 financial year and its position at the year-end 31 March 2014. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code)*, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and with the Service Reporting Code of Practice 2013/14 (SeRCOP) also issued by CIPFA.

Except where specifically stated otherwise, the Statement of Accounts is prepared on an historic cost basis, i.e. expenditure is included on the basis of the price actually paid rather than any additional allowance being made for changes in the purchasing power of money, 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.

Where a change of accounting policy is required by the Code, the County Council will disclose the information required by the Code. For other changes in accounting policy the following disclosures are made:

- The nature of the change in accounting policy
- The reasons why applying the new accounting policy provides reliable and more relevant information
- For the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected
- The amount of the adjustment relating to periods before those presented, to the extent practicable
- If retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied

The 2013/14 Code has adopted the June 2011 amendments to IAS1 *Presentation of Financial Statements*. These changes do not require any material amendments to the Balance Sheet or Comprehensive Income and Expenditure Statement, however do require amendment to the presentation of Other Comprehensive Income and Expenditure. The items listed in Other Comprehensive Income and Expenditure have been grouped into

NOTES TO THE CORE FINANCIAL STATEMENTS

items that will not be reclassified subsequently to the Surplus or Deficit on the Provision of Services and those that may be reclassified to the Surplus or Deficit on the Provision of Services.

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

For corrected prior period errors the following disclosures are made:

- The nature of the prior period error
- For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected
- The amount of the correction at the beginning of the earliest prior period presented

Exceptional Items

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

Acquired Operations

Responsibility for public health services transferred from the former Oxfordshire Primary Care Trust to the County Council with effect from 1 April 2013. Expenditure and income for these services are shown on a new service line in the Comprehensive Income and Expenditure Statement, with a breakdown of net expenditure by division of service provided in Note 6.

Estimating Techniques

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Statement of Accounts and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Where it is necessary to choose between different estimation techniques, the County Council selects whichever technique is judged to be the most appropriate to its particular circumstances for the purposes of presenting the financial position in the accounts fairly.

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 2014) 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Accounting policies for employee benefits have been changed to reflect the Code's adoption of the amendments to International Accounting Standard 19 (2011 amendments). There are revised recognition criteria for termination benefits, new definitions for retirement benefit service costs and new classes of components of defined benefit cost to be recognised in the financial statements. These changes do not require a prior period adjustment as there is no change to the amounts recognised in the Balance Sheet. Comparative data for the Movement in Reserves Statement, Comprehensive Income & Expenditure Statement, Cash Flow Statement and retirement benefit disclosures in Note 20 have been restated to reflect the new requirements.

NOTES TO THE CORE FINANCIAL STATEMENTS

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. An accrual is made for the cost of holiday entitlements (including flexi-time and time off in lieu) 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 and 2006 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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.

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 Chief Executive's Office and the Environment & Economy directorate 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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
- All other Property, Plant and Equipment assets – fair value, determined as the amount that would be paid for the asset in its existing use

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Where non-property assets have short useful lives or low values (or both), depreciated historic cost basis is used as a proxy for fair 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, although material changes to asset valuations are adjusted in the interim periods.

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.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Receipts 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, based on the amount at which the asset could be exchanged between knowledgeable parties in an arm's-length transaction (i.e. market value). 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

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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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). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (charged to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at the effective (market) rate, with the difference between interest at the effective rate and the contractual rate writing up the amortised cost of the loan on the Balance Sheet. Statutory regulations require that the amount taken to the County Fund Balance is the contractual interest receivable. The reconciliation between the amount charged or credited to the Comprehensive Income and Expenditure Statement and the contractual interest income (if any) is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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 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.

Foreign Currency Translation

Where the County Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, where cost is defined as:

Food and catering supplies	historical cost
Cleaning and other supplies	historical cost
Road salt	historical cost
Fire and rescue stocks	average cost

Where the County Council enters into long-term contracts, these are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

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.

Carbon Reduction Commitment Scheme

The County Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The scheme's introductory phase ended on 31 March 2014. The County Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As energy is used a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the County Council is recognised and reported in the Cost of Services and is apportioned to services on the basis of energy consumption.

Contingent assets

The County Council discloses contingent assets in the notes to the accounts. Contingent assets are possible assets 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.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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 jointly controlled entities. The County Council does not have any such interests and therefore prepares accounts only as a single entity rather than group accounts.

The County Council participates in a number of jointly controlled 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.

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 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. 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 2014

NOTES TO THE CORE FINANCIAL STATEMENTS

- The County Council is deemed to control 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 £17.519m as at 31 March 2014) 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. Changes to the provisions of the contract, the services provided and the future development programme are currently subject to review. As contract negotiations are still on-going possible changes to the financing of new builds are not reflected in the accounts as at 31 March 2014
- The Code requires heritage assets to be recognised as a separate category of assets on the Balance Sheet, 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 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 (LEP). The LEP is made up of representatives from business, academia and the wider public sector, including the County Council. The Partnership's overarching aim is to be the catalyst for realising Oxfordshire's economic and commercial potential. 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. £0.082m has been spent in 2013/14, and the remaining £8.288m has been recognised as a capital grant receipt in advance as at 31 March 2014 as there is an obligation to return the funds if it is not spent on capital projects on behalf of the LEP
- The County Council has received a claim of £1.35m from the purported beneficiaries for the sale proceeds of Nettlebed School site. Counsel's advice is that the claim is not valid and therefore no provision has been made for the claim

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 2014 for which there is significant risk of material adjustment in the forthcoming year are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

Property, Plant and Equipment

As at 31 March 2014 the County Council had £711m 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 £0.384m for every year that useful lives had to be reduced.

Debtors

As at 31 March 2014 the County Council had a balance for current debtors of £56.387m and had estimated an impairment allowance for doubtful debts of £8.578m. The impairment allowance comprises £1.218m for the County Council's own debts based on the age and type of each debt and £7.360m 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 £0.122m to be set aside as an allowance by the County Council and £0.736m from the Collection Funds.

Provisions

As at 31 March 2014 the County Council made a provision of £7.246m 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 £0.725m effect on the provision required.

Pensions Liability

Estimation of the net liability to pay pensions (£666.812m as at 31 March 2014) 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 2013/14, the County Council's actuaries advised that the net pensions liability had decreased by £42.905m as a result of estimates being corrected as a result of experience, £26.260m relating to updating the assumptions relating to pensions assets and increased by £115.812m attributable to updating of the assumptions relating to pensions liabilities.

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

2013/14	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contribs Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</u>					
Charges for depreciation and amortisation	30,751				-30,751
Impairment losses	5,942				-5,942
Revaluation losses	-6,267				6,267
Movement in the market value of investment property	-1,078				1,078
Capital grants and contributions applied net of capital financing reversed	-51,074			-7,697	58,771
Revenue expenditure funded from capital under statute	15,516				-15,516
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	74,848				-74,848
<u>Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Statutory provision for the repayment of debt	-18,046				18,046
Capital expenditure charged to the County Fund Balance net of capital financing reversed	-7,209				7,209
Repayment of loans			570		-570
Adjustments primarily involving the Capital Grants and Contributions Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	-8,107			8,107	
Adjustments primarily involving the Capital Receipts Unapplied					
Transfer of net sale proceeds credited as part of the gain/loss on disposals	-2,961		2,961		

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14 continued	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000
<p>Adjustments primarily involving the Pensions Reserve Net charge made for retirement benefits debited or credited to the CIES</p>	23,209				-23,209
<p>Adjustments primarily involving the Financial Instrument Adjustment Account Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements</p>	-72				72
<p>Adjustments primarily involving the Collection Fund Adjustment Account Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements</p>	-2,171				2,171
<p>Amount by which Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Business Rates income calculated for the year in accordance with statutory requirements</p>	1,030				-1,030
<p>Adjustments primarily involving the Accumulated Absences Account Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</p>	-1,086				1,086
Total	53,225	0	3,531	410	-57,166

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13	County Fund Balance	Earmarked Reserves	Capital Receipts Unapplied	Capital Grants & Contribns Unapplied	Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</u>					
Charges for depreciation and amortisation	33,008				-33,008
Impairment losses	9,540				-9,540
Revaluation losses	9,829				-9,829
Movement in the market value of investment property	-823				823
Capital grants and contributions applied net of capital financing reversed	-28,752			-15,613	44,365
Revenue expenditure funded from capital under statute	9,362				-9,362
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	212,928				-212,928
<u>Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Statutory provision for the repayment of debt	-19,650				19,650
Capital expenditure charged to the County Fund Balance net of capital financing reversed	-6,272				6,272
Repayment of loans			375		-375
Adjustments primarily involving the Capital Grants and Contributions Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	-29,913			29,913	

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13 continued	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000
<p>Adjustments primarily involving the Capital Receipts Unapplied</p> <p>Transfer of net sale proceeds credited as part of the gain/loss on disposals</p>	-822		822		
<p>Adjustments primarily involving the Pensions Reserve</p> <p>Net charge made for retirement benefits debited or credited to the CIES</p>	16,452				-16,452
<p>Adjustments primarily involving the Financial Instrument Adjustment Account</p> <p>Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements</p>	-82				82
<p>Adjustments primarily involving the Collection Fund Adjustment Account</p> <p>Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements</p>	-1,221				1,221
<p>Adjustments primarily involving the Accumulated Absences Account</p> <p>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</p>	-2,323				2,323
Total	201,261	0	1,197	14,300	-216,758

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:

2013/14	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	-35,153	-129,636	-98,100	-14,881	-76	-277,846
Government grants and contributions	-333,688	-18,454	-11,392	-2,084	-25,608	-391,226
Total Income	-368,841	-148,090	-109,492	-16,965	-25,684	-669,072
Employee expenses	278,705	51,267	48,499	18,804	1,322	398,597
Other operating expenses	180,721	203,043	129,415	10,456	23,798	547,433
Support service recharges	16,009	104,031	10,677	7,602	564	138,883
Total operating expenses	475,435	358,341	188,591	36,862	25,684	1,084,913
Directorate Provisional Outturn	106,594	210,251	79,099	19,897	0	415,841

Reconciliation to Cost of Services in Comprehensive Income and Expenditure Statement

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.

2013/14	£'000
Directorate Provisional Outturn	415,841
Add services not included in main analysis	1,700
Add amounts not reported in provisional outturn	83,248
Remove amounts reported in the provisional outturn not included in the Comprehensive Income and Expenditure Statement	-46,439
Cost of Services in the Comprehensive Income and Expenditure Statement	454,350

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.

2013/14	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	-277,846	-6	-683	4,410	209,147	-64,978	-4,089	-69,067
Proceeds from the disposal of non-current assets						0	-3,014	-3,014
Interest and investment income						0	-3,312	-3,312
Income from council tax						0	-275,384	-275,384
Government grants and contributions	-391,226		-186	3,508	15,371	-372,533	-240,485	-613,018
Total Income	-669,072	-6	-869	7,918	224,518	-437,511	-526,284	-963,795
Employee expenses	398,597	1,499	37,528	-41,388	-8,981	387,255	3,530	390,785
Other service expenses	547,433	207	15,584	-12,969	-76,075	474,180	3,494	477,674
Support Service recharges	138,883		579		-139,462	0		0
Depreciation, amortisation, impairments and revaluations			30,426			30,426	-1,078	29,348
Net interest expense on the pension defined liability							24,811	24,811
Interest payable and similar charges						0	20,858	20,858
Costs from the disposal of non-current assets						0	74,953	74,953
Total operating expenses	1,084,913	1,706	84,117	-54,357	-224,518	891,861	126,568	1,018,429
Surplus or deficit on the provision of services	415,841	1,700	83,248	-46,439	0	454,350	-399,716	54,634

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative figures for 2012/13 for the directorate analysis and reconciliations are set out below.

2012/13	Children, Education & Families	Social & Community Services	Environment & Economy	Chief Executive's Office	Total
	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-41,849	-93,818	-77,085	-13,309	-226,061
Government grants and contributions	-359,967	-16,226	-10,348	-2,038	-388,579
Total Income	-401,816	-110,044	-87,433	-15,347	-614,640
Employee expenses	315,631	52,672	49,280	19,030	436,613
Other operating expenses	178,321	193,401	107,981	10,977	490,680
Support service recharges	15,567	69,455	10,287	7,403	102,712
Total operating expenses	509,519	315,528	167,548	37,410	1,030,005
Directorate Provisional Outturn	107,703	205,484	80,115	22,063	415,365

Reconciliation to Cost of Services in Comprehensive Income and Expenditure Statement

2012/13	£'000
Directorate Provisional Outturn	415,365
Add services not included in main analysis	2,059
Add amounts not reported in provisional outturn	87,840
Remove amounts reported in the provisional outturn not included in the Comprehensive Income and Expenditure Statement	-61,873
Cost of Services in the Comprehensive Income and Expenditure Statement	443,391

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation to Subjective Analysis

2012/13	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	-226,061	-6	-2,024	2,735	161,892	-63,464	-2,205	-65,669
Proceeds from the disposal of non-current assets						0	-981	-981
Interest and investment income						0	-3,248	-3,248
Income from council tax						0	-289,765	-289,765
Government grants and contributions	-388,579	0	-363	3,903	3,443	-381,596	-236,212	-617,808
Total Income	-614,640	-6	-2,387	6,638	165,335	-445,060	-532,411	-977,471
Employee expenses	436,613	1,526	26,543	-42,482	-8,772	413,428	10,731	424,159
Other service expenses	490,680	539	9,428	-26,029	-51,972	422,646	3,123	425,769
Support Service recharges	102,712		1,879		-104,591	0	0	0
Depreciation, amortisation, impairments and revaluations			52,377			52,377	-823	51,554
Pension interest costs and expected return on assets						0	21,876	21,876
Interest payable and similar charges						0	20,657	20,657
Costs from the disposal of non-current assets						0	212,958	212,958
Total operating expenses	1,030,005	2,065	90,227	-68,511	-165,335	888,451	268,522	1,156,973
Surplus or deficit on the provision of services	415,365	2,059	87,840	-61,873	0	443,391	-263,889	179,502

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). Set out below is a breakdown by division of service, including the new divisions for Public Health:

Service	Division of Service	2012/13 £'000	2013/14 £'000
Children's and Education Services	Early Years	17,866	9,001
	Primary schools	24,065	13,136
	Secondary schools	7,518	9,971
	Special schools	3,012	2,215
	Services to young people & other community learners	6,008	4,003
	other strategic functions	32,140	39,011
	Service strategy	596	1,038
	Commissioning & social work	14,228	18,224
	Children looked after	16,450	16,931
	Family support services	6,626	6,726
	Youth justice	858	1,008
	Children and young people's safety	358	619
	Asylum seekers	762	825
	Other children's & family services	1,807	1,834
		Total Children's and Education Services	132,294
Adult Social Care	Service strategy	391	241
	Older people (aged 65 and over)	82,245	83,386
	Adults under 65 with a physical disability or sensory impairment	16,319	17,324
	Adults under 65 with learning disabilities	64,160	72,925
	Adults under 65 with mental health needs	8,205	8,546
	Other adult services	195	512
	Other housing (supporting people)	8,993	5,845
		Total Adult Social Care	180,508
Highways and Transport Services	Transport planning, policy & strategy	5,305	7,050
	Structural Maintenance	16,073	18,248
	Environment, Safety & Routine Maintenance	16,853	17,558
	Street lighting (including energy costs)	4,231	4,432
	Winter Service	2,369	1,578
	Traffic management & road safety	2,184	2,291
	On street parking services	-2,178	-2,009
	Off street parking services	460	1,263
	Public transport	14,153	13,245
		Total Highways & Transport Services	59,450
Fire and Rescue Services	Fire-fighting and Rescue Operations	29,322	27,418
	Safer Communities	801	462
		Total Fire and Rescue Services	30,123

NOTES TO THE CORE FINANCIAL STATEMENTS

Service	Division of Service	2012/13 £'000	2013/14 £'000
Environmental and Regulatory Services	Regulatory services	3,470	2,085
	Flood defence & land drainage	477	531
	Waste disposal	15,730	18,841
	Trade waste	-45	-25
	Recycling	5,141	5,148
	Waste minimisation	118	275
	<u>Total Environmental and Regulatory Services</u>	24,891	26,855
Public Health	Sexual health		-1,195
	NHS health check programme		-58
	Health protection		-66
	National child measurement programme		-63
	Public health advice		-70
	Obesity		-151
	Physical activity		-19
	Substance misuse		-1,621
	Smoking and tobacco		-182
	Children 5-19 public health programmes		-109
	Miscellaneous public health services		-716
		<u>Total Public Health</u>	0
Cultural and Related Services	Culture & heritage	3,260	2,980
	Open spaces	2,319	2,217
	Recreation and sport	594	101
	Library service	11,182	11,364
	<u>Total Cultural and Related Services</u>	17,355	16,662
Planning Services	Planning Policy	901	819
	Development Control	1,490	1,540
	Economic Development	815	806
	Economic Research	164	162
	Business Support	683	761
	Environmental Initiatives	445	492
	Community Development	3	0
	<u>Total Planning Services</u>	4,501	4,580
Central Services to the Public	Registration of Births, Deaths & Marriages	802	559
	Emergency Planning	366	413
	Coroners Court Services	816	868
	Local Welfare Assistance Schemes		599
	Other	1,113	1,944
	<u>Total Central Services to the Public</u>	3,097	4,383
Other Corporate Services	Democratic Representation & Management	2,884	2,705
	Corporate Management	2,088	2,061
	Non Distributed Costs	-13,800	-3,503
	<u>Total Other Corporate Services</u>	-8,828	1,263
	Total Net Cost of Services	443,391	454,350

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 Schools Finance (England) Regulations 2011. 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 2013/14 (with comparative figures for 2012/13) are as follows:

2012/13				2013/14		
Central Expenditure	ISB	Total		Central Expenditure	ISB	Total
£'000	£'000	£'000		£'000	£'000	£'000
		398,949	Final DSG before academy recoupment			412,849
		-75,535	Less academy figure recouped for the year			-121,626
		323,414	Total DSG after academy recoupment			291,223
		4,717	Brought forward from previous year			8,898
			Less carry forward to next year agreed in advance			-2,494
63,905	264,226	328,131	Agreed initial budgeted distribution	81,642	215,985	297,627
			In year adjustments			0
63,905	264,226	328,131	Final budget distribution	81,642	215,985	297,627
-55,007		-55,007	Less actual central expenditure	-72,241		-72,241
	-264,226	-264,226	Less actual ISB deployed to schools		-215,985	-215,985
			County Council contribution			0
8,898	0	8,898	Carry forward to next year	9,401	0	11,895

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 2013/14 the gross income and expenditure were £1.611m and £1.554m respectively (2012/13 £1.755m and £1.557m). The County Council's contribution to the pooled budget was £0.511m (£0.580m in 2012/13).

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

The County Council and the Oxfordshire Clinical Commissioning Group have a joint commissioning and pooled budget arrangement for Older People, Equipment and Physical Disabilities. The County Council is the "host" or lead in this arrangement, which in the main commissions care home provision for continuing care, nursing and residential placements in Oxfordshire. The pooled budget arrangement has operated since April 2002 (formerly with the Oxfordshire Primary Care Trust) and was expanded in 2013 to include additional services.

For 2013/14, the County Council contributed £103.022m to the pooled budget (2012/13 £89.126m). A summary of the pooled budget memorandum account shows:

2012/13		2013/14		
		Older People & Equipment	Physical Disability	Total
£'000		£'000	£'000	£'000
125,658	Gross income	180,993	18,603	199,596
125,658	Gross expenditure	180,993	18,603	199,596
89,126	Authority's contribution	91,526	11,496	103,022

A number of other partnership arrangements for adult social care and health services are in place:

- The County Council and the Oxfordshire Clinical Commissioning Group have a joint commissioning and pooled budget arrangement for Learning Disabilities. The County Council is the lead in this arrangement, which in the main commissions both care and support and residential/supported living placements for learning disabilities clients. In 2013/14 the gross income and expenditure were £82.411m and £82.411m respectively (2012/13 £77.395m and £77.395m). The County Council contributed £69.908m to the pooled budget (2012/13 £65.132m)
- The County Council has a pooled budget arrangement with the Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust for the provision of mental health services. The NHS Trust is the lead in this arrangement. In 2013/14 the gross income and expenditure were £10.737m and £10.737m respectively (2012/13 £10.579m and £10.579m). The County Council contributed £2.387m to the pooled

NOTES TO THE CORE FINANCIAL STATEMENTS

budget (£1.847m of which via the mental health commissioning pooled budget) (2012/13 contribution of £2.380m, £1.833m of which was via the mental health commissioning pooled budget).

- The County Council and the Oxfordshire Clinical Commissioning Group have a joint commissioning and pooled budget arrangement to streamline mental health commissioning. The Oxfordshire Clinical Commissioning Group is the lead in this arrangement. In 2013/14 the gross income and expenditure were £49.978m and £50.033m respectively (2012/13 £47.226m and £47.084m). The County Council contributed £9.224m to this pool, of which £1.847m was paid to the mental health provision pooled budget. (The County Councils' contribution in 2012/13 was £7.211m, which included £1.833m relating to the mental health provision pooled budget)

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 (except Oxford City Council see (ii) below) | Verge maintenance – within town boundaries. Charged to the Surplus or Deficit on the Provision of Services: £291,854 (£282,263 in 2012/13) |
| (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: £699,496 (£646,611 in 2012/13)
Charged to capital : £641,439 (£654,308 in 2012/13) |

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

The County Council operates ICT services on an agency basis on behalf of Oxford City Council. There are two parts to the agency agreement with Oxford City Council - provision of services and replacement of equipment and ICT infrastructure. The revenue expenditure for 2013/14 was £1,204,707 (£893,246 for 2012/13, which included a contribution to the County Council's overheads and shared costs of £595,642). This was matched by income for 2013/14 of £1,204,707 (£893,246 for 2012/13), including a contribution to costs of £32,667 by the County Council. There was no capital expenditure under the agreement for 2013/14 (£62,519 for 2012/13). The cost of the capital expenditure has been repaid by the City Council over the life of the contract, with £343,663 being paid in 2013/14 (£343,662 in 2012/13).

NOTES TO THE CORE FINANCIAL STATEMENTS

11. Members' Allowances

Allowances & expenses	2012/13 £'000	2013/14 £'000
Allowances	837	755
Travel & Subsistence	34	37
Total	871	792

The number of councillors reduced from 74 to 63 from May 2013. Basic and special responsibility rates were increased by 1% from 1 April 2013, in line with the local government pay award for staff.

12. Audit and Inspection Fee

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

	2012/13 £'000	2013/14 £'000
Code of Practice Work	131	126
Statutory Inspection	0	0
Certification of Grant Claims and Returns	6	1
Other Related Costs	5	1
Total	142	128

There was no statutory inspection work in 2012/13 or 2013/14. The number of grants requiring audit certification reduced in 2013/14.

13. Senior Officers' Remuneration

The Accounts and Audit Regulations 2011 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 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 2011 regulations, the figures exclude senior employees whose remuneration is disclosed separately.

NOTES TO THE CORE FINANCIAL STATEMENTS

Band (£)	Number of Employees					
	School	Non-School	Total	School	Non-School	Total
	2012/13	2012/13	2012/13	2013/14	2013/14	2013/14
50,000-54,999	91	74	165	77	77	154
55,000-59,999	64	56	120	64	62	126
60,000-64,999	43	28	71	33	23	56
65,000-69,999	20	7	27	16	17	33
70,000-74,999	10	21	31	9	8	17
75,000-79,999	5	6	11	8	16	24
80,000-84,999	7	3	10	6	4	10
85,000-89,999	2	3	5	2	3	5
90,000-94,999	2	1	3	2	2	4
95,000-99,999	1	1	2	1	2	3
100,000-104,999	2	1	3	1	0	1
105,000-109,999	0	0	0	0	0	0
110,000-114,999	1	0	1	0	0	0
115,000-119,999	0	0	0	0	0	0
120,000-124,999	0	0	0	1	0	1
125,000-129,999	1	0	1	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.

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14	Salary (Including Fees & Allowances)	Expense Allowances	Compensation for Loss of Employment	Other Emoluments	Total Remuneration Excluding Pension Contributions 2013/14	Employers Pension Contribution	Total Remuneration Including Pension Contributions 2013/14
Post Holder Information	£	£	£	£	£	£	£
Chief Executive - Joanna Simons	184,255				184,255	35,561	219,816
Assistant Chief Executive and Chief Finance Officer to September 2013	53,673				53,673	10,359	64,032
Chief Finance Officer - from October 2013	47,536				47,536	9,174	56,710
Monitoring Officer and Head of Law & Governance	98,152			2,532	100,684	19,432	120,116
Head of Human Resources	98,152				98,152	18,943	117,095
Deputy Chief Finance Officer to September 2013	43,304				43,304	8,358	51,662
Head of Policy	53,304				53,304	10,288	63,592
Director for Children, Education & Families	138,875				138,875	26,803	165,678
Deputy Director Education & Early Intervention	98,152				98,152	18,943	117,095
Deputy Director Children's Social Care from October 2013	53,298				53,298	10,286	63,584
Director for Environment & Economy	129,476				129,476	24,989	154,465
Director for Environment & Economy (designate) from October 2013	71,066				71,066	13,716	84,782
Deputy Director for Commercial & Delivery	98,152				98,152	18,943	117,095
Deputy Director for Strategy & Infrastructure Planning to February 2014	90,500				90,500	17,467	107,967
Deputy Director - Oxfordshire Customer Services	95,072				95,072	18,349	113,421
Director for Social & Community Services	129,476				129,476	24,989	154,465
Deputy Director Joint Commissioning	98,152				98,152	18,943	117,095
Deputy Director for Adult Social Care to October 2013	44,854				44,854	8,657	53,511
Chief Fire Officer	120,645			531	121,176	25,697	146,873
Director of Public Health - Jonathan McWilliam	179,972				179,972	21,362	201,334
Deputy Director of Public Health	103,376				103,376	14,473	117,849
Total	2,029,442	0	0	3,063	2,032,505	375,732	2,408,237

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13	Salary (Including Fees & Allowances)	Expense Allowances	Compensation for Loss of Employment	Other Emoluments	Total Remuneration Excluding Pension Contributions 2012/13	Employers Pension Contribution	Total Remuneration Including Pension Contributions 2012/13
Post Holder Information	£	£	£	£	£	£	£
Chief Executive - Joanna Simons	182,431				182,431	35,209	217,640
Assistant Chief Executive and Chief Finance Officer	106,282				106,282	20,513	126,795
Monitoring Officer and Head of Law & Governance	97,180			87	97,267	18,756	116,023
Head of Human Resources	97,180				97,180	18,756	115,936
Deputy Chief Finance Officer	82,317				82,317	15,887	98,204
Director for Children, Education & Families	137,118				137,118	26,464	163,582
Deputy Director Education & Early Intervention	97,180				97,180	18,756	115,936
Deputy Director Children's Social Care - to December 2012	66,365		74,916		141,281	12,743	154,024
Director for Environment & Economy	128,194				128,194	24,741	152,935
Deputy Director for Commercial & Delivery - from September 2012	56,688				56,688	10,941	67,629
Deputy Director for Strategy & Infrastructure Planning	94,131				94,131	18,167	112,298
Deputy Director - Oxfordshire Customer Services	90,223				90,223	17,413	107,636
Director for Social & Community Services	128,194				128,194	24,741	152,935
Deputy Director Joint Commissioning	90,067				90,067	17,383	107,450
Deputy Director for Adult Social Care - from July 2012	65,032				65,032	12,551	77,583
Chief Fire Officer	120,645			531	121,176	25,697	146,873
Total	1,639,227	0	74,916	618	1,714,761	318,718	2,033,479

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2013/14					
	Compulsory		Other		Total	
	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	28	169	48	328	76	497
20,000 - 39,999	5	141	9	241	14	382
40,000 - 59,999	1	44	6	275	7	319
60,000 - 79,999	0	0	0	0	0	0
80,000 - 99,999	1	87	2	184	3	271
100,000 - 149,999	0	0	0	0	0	0
150,000 - 199,999	0	0	0	0	0	0
Total	35	441	65	1,028	100	1,469
Add new provisions created						0
Less amounts provided for in previous year						-292
Add unused amount of previous year's provision						0
Adjust for differences between payments and accruals						-526
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						651

NOTES TO THE CORE FINANCIAL STATEMENTS

Band (£)	Exit packages 2012/13					
	Compulsory		Other		Total	
	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	65	384	58	399	123	783
20,000 - 39,999	23	676	8	203	31	879
40,000 - 59,999	4	192	6	273	10	465
60,000 - 79,999	1	75	3	204	4	279
80,000 - 99,999	1	81	1	80	2	161
100,000 - 149,999	2	258	1	120	3	378
150,000 - 199,999	0	0	0	0	0	0
Total	96	1,666	77	1,279	173	2,945
Add new provisions created						292
Less amounts provided for in previous year						-1,177
Add unused amount of previous year's provision						310
Adjust for differences between payments and accruals						-287
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						2,083

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 2012/13.

	2012/13		2013/14	
	Plant, vehicles & equipment	Land and buildings	Plant, vehicles & equipment	Land and buildings
	£'000	£'000	£'000	£'000
Minimum lease payments charged in year	1,780	3,871	1,267	3,278
Contingent rents charged in year	477	109	388	125
Sublease payments received in year	0	-14	0	-61
Future minimum lease payments:				
Within 1 year	1,048	3,147	907	2,406
Within 2nd - 5th years	1,058	6,739	1,715	5,590
6th year and beyond	3	6,840	106	5,925
Total commitments	2,109	16,726	2,728	13,921
Total future sublease payments receivable	0	-145	0	-143

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 are set out below, together with comparative figures for 2012/13. 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2012/13		2013/14	
	Plant, vehicles & equipment £'000	Land and buildings £'000	Plant, vehicles & equipment £'000	Land and buildings £'000
Minimum lease payments receivable in year	0	1,243	0	1,302
Contingent rents receivable in year	0	543	0	879
Future minimum lease payments receivable:				
Within 1 year	0	957	0	935
Within 2nd - 5th years	0	2,580	0	2,380
6th year and beyond	0	20,013	0	19,465
Total receivable	0	23,550	0	22,780

Contingent rents for 2012/13 and 2013/14 included 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.

	2012/13 £'000	2013/14 £'000
Capital receipts	-846	-3,056
Disposal costs charged against capital receipts	24	95
Net capital receipts	-822	-2,961
Other receipts	-159	-53
	-981	-3,014
Carrying value of non-current assets derecognised	212,928	74,848
Disposal costs charged to the County Fund	30	105
	212,958	74,953
Gain(-) or loss (+) on derecognition	211,977	71,939
Adjustments between accounting basis and funding basis	-212,106	-71,887
Net charge to County Fund	-129	52

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

	2012/13 £'000	2013/14 £'000
Surplus/deficit on trading operations	1,528	655
Interest payable and similar charges	20,657	20,858
Interest receivable and similar income	-3,248	-3,312
Income and expenditure in relation to investment properties and changes in their fair value	-840	-1,133
Net pensions interest expense	29,003	24,811
Net fire-fighters Pension Fund Top-Up Grant	-2,447	-2,313
Total Financing and Investment Income & Expenditure	44,653	39,566

18. Trading Operations

The County Council operates trading accounts for a number of services supplied to directorates and schools within the authority. Details of their financial performance during 2013/14 are as follows:

2012/13		2013/14		
Surplus (-) / Deficit £'000	Trading Unit	Turnover £'000	Expenditure £'000	Surplus (-) / Deficit £'000
-97	Central Support Services Provision of financial, legal, personnel, IT, printing and other support to services within the authority	54,916	54,828	-88
-199	Property & Facilities Corporate landlord, property support services and facilities management for Council establishments	24,953	25,196	243
1,266	Catering Provision of school meals and catering services in the central offices - internal service ceased in July 2012			0
52	Cleaning Provision of cleaning services for schools and Council establishments - internal service ceased in July 2012			0
506	Integrated Transport Unit Provision of transport for adult social care clients and home to school transport	22,210	22,710	500
1,528	Total	102,079	102,734	655

NOTES TO THE CORE FINANCIAL STATEMENTS

The Property and Facilities contract, which commenced on 1 July 2012, encompasses the provision of catering and cleaning services and the internal trading activities Food With Thought (FWT) and QUEST Cleaning Services ceased to operate at that point, with staff transferring to the new provider.

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

	2013/14				
	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	20,538				20,538
Losses on derecognition					0
Reductions in fair value		1			1
Impairment losses		319			319
Fee expense		11	25		36
Total expense in Surplus or Deficit on the Provision of Services	20,538	331	25	0	20,894
Interest income		-3,011			-3,011
Interest income accrued on impaired financial assets					0
Increases in fair value					0
Gains on derecognition		-35	-266		-301
Fee income					0
Total income in Surplus or Deficit on the Provision of Services	0	-3,046	-266	0	-3,312
Gains/losses on revaluation			-315		-315
Amounts recycled to the Surplus or Deficit on the Provision of Services			266		266
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure			-49		-49
Net gain(-)/loss for the year	20,538	-2,715	-290	0	17,533

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative figures for 2012/13 are as follows:

	2012/13				Total £'000
	Financial Liabilities	Financial Assets			
	Liabilities at amortised cost £'000	Loans and receivables £'000	Available-for-sale assets £'000	Assets at fair value through profit & loss £'000	
Interest expense	20,702				20,702
Losses on derecognition					0
Reductions in fair value		-3			-3
Impairment losses		-42			-42
Fee expense			33		33
Total expense in Surplus or Deficit on the Provision of Services	20,702	-45	33	0	20,690
Interest income		-3,170			-3,170
Interest income accrued on impaired financial assets		-78			-78
Increases in fair value					0
Gains on derecognition					0
Fee income					0
Total income in Surplus or Deficit on the Provision of Services	0	-3,248	0	0	-3,248
Gains/losses on revaluation			-302		-302
Amounts recycled to the Surplus or Deficit on the Provision of Services					0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure			-302		-302
Net gain(-)/loss for the year	20,702	-3,293	-269	0	17,140

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 2007/08, is contracted out of the State Second Pension and currently provides benefits based on final salary and length of service on retirement. Changes to the LGPS came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect.

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 126 to 161.

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 2014/15 are £28.932m for funded benefits (£28.794m in 2013/14). £1.418m of LGPS unfunded benefits are expected to be paid to beneficiaries in 2014/15 (£1.443m in 2013/14). For 2013/14 the estimated duration of the County Council's liabilities is 18 years for funded benefits and 9 years for unfunded benefits (23 years and 7 years respectively for 2012/13).

The County Council currently participates in the Oxfordshire County Council pool with 21 other employers 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,

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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 £0.547m for 2013/14 (£0.924m for 2012/13). 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 £5.821m.

The fire-fighters Pension Schemes

There are three separate schemes relating to fire-fighters pensions – the 1992 scheme, the 2006 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 Fire Pension Orders 1992 and 2006, are contracted out of the State Second Pension and currently provide benefits based on final salary and length of service on retirement. A consultation is currently underway for a new fire-fighters' pension scheme that will come into effect from April 2015.

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 and 2006 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 162 to 165. Employer contributions are set every 5 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 2007 by the Government Actuary's Department and the actuarial valuation at 31 March 2012 is currently in progress.

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

Most of the fire-fighters defined benefit liabilities relate to the 1992 scheme. For ease of presentation the figures for all three schemes have been combined within the tables in this note.

The total contributions (including government top-up grant) expected to be made by the County Council to the fire-fighters 1992 and 2006 schemes in 2014/15 are £3.823m (£4.349m in 2013/14). £0.336m of injury/ill health retirement benefits are expected to be paid to beneficiaries in 2014/15 (£0.328m in 2013/14). The estimated duration of the County

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Council's combined liabilities for the fire-fighters' scheme for 2013/14 is 22 years (22 years for 2012/13).

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 2010, contracted out of the State Second Pension and currently provides benefits based on final salary and length of service. Changes to the scheme will come into effect from 1 April 2015 and any benefits accrued from that date will be based on career average revalued salary, with various protections in place for those members in the scheme before the changes take effect.

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 2013/14 the County Council paid £16.454m in employer contributions to the Teachers' Pension Scheme (2012/13 £19.583m) – the amount has reduced because of schools converting to academy trusts. This represents about 0.5% of the total contributions to the Teachers' Pension Scheme by all participating employers. The employer contribution rate for 2013/14 was 14.1% (14.1% in 2012/13). As at 31 March 2014 there was £2.102m owed to the Teachers' Pension Scheme in respect of accrued pensions contributions (£2.323m in 2012/13). The total contributions expected to be made by the County Council to the Teachers' Pension Scheme in 2014/15 are £14.574m (£16.415m in 2013/14). The employers' contribution rate is set to rise to 16.4% from September 2015.

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 £3.785m in 2014/15 (£3.859m in 2013/14). The estimated duration of the County Council's liabilities for teachers added years benefits for 2013/14 is 11 years (7 years for 2012/13).

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

The NHS Pension Scheme

This is a contracted out, 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Public Health staff that transferred to the County Council in April 2013 are members of this scheme. The Scheme provides pensions, based on final salary, for employees of participating employers, and a career average arrangement for GPs and General Dental Practitioners. Changes to the scheme are due to come into effect 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 2013/14 the County Council paid £0.115m to the NHS Pension Scheme. This represents about 0.002% of the total contributions to the NHS Pension Scheme by all participating employers. The employer contribution rate for 2013/14 was 14.0%. As at 31 March 2014 there was £0.019m owed to the NHS Pension Scheme in respect of accrued pensions contributions. The total contributions expected to be made by the County Council to the NHS Pension Scheme in 2014/15 are £0.178m.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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 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	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement								
<u>Cost of Services</u>								
Current service cost	38,920	39,280	4,731	4,150			43,651	43,430
Past service costs	924	547	50				974	547
(Gain)/loss from settlements	-16,248	-5,821					-16,248	-5,821
Administration Expenses	399	413					399	413
	23,995	34,419	4,781	4,150	0	0	28,776	38,569
<u>Financing and Investment Income & Expenditure</u>								
Net Interest expense	20,116	16,994	7,003	6,705	1,884	1,112	29,003	24,811
Government Top-Up Grant/Surplus payable to Government			-2,447	-2,313			-2,447	-2,313
	44,111	51,413	9,337	8,542	1,884	1,112	55,332	61,067
<u>Surplus/Deficit on the Provision of Services</u>								
<u>Other Comprehensive Income and Expenditure</u>								
Return on plan assets	-103,014	-4,027					-103,014	-4,027
Actuarial gains (-) and losses (+) from demographic assumptions		42,860	-20,194			5,433	-20,194	48,293
Actuarial gains (-) and losses (+) from financial assumptions	28,486	64,574	5,400	10,207	5,625	-7,262	39,511	67,519
Experience gains (-) and losses (+)	771	-52,716	4,345		1,666	9,811	6,782	-42,905
Other actuarial gains (-) and losses (+)		-26,260					0	-26,260
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	-29,646	75,844	-1,112	18,749	9,175	9,094	-21,583	103,687
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	-11,067	-19,399	-6,999	-6,207	1,614	2,397	-16,452	-23,209
Actual amount charged against the County Fund Balance for pensions in the year:								
Employer's contributions payable to the scheme	33,044	32,014	1,969	2,002			35,013	34,016
Retirement benefits payable to pensioners			369	333	3,498	3,509	3,867	3,842

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

	2012/13 £'000	2013/14 £'000
Present value liabilities:		
Local Government Pension Scheme (funded benefits)	1,130,076	1,240,802
Local Government Pension Scheme (unfunded benefits)	20,843	17,587
Fire-fighters' 1992 Pension Scheme	137,894	151,443
Fire-fighters' 2006 Pension Scheme	7,353	9,930
Fire-fighters' Injury Pensions	5,854	6,142
Teachers' Added Years	50,023	55,608
Total present value liabilities	1,352,043	1,481,512
Fair value of assets in the Local Government Pension Scheme	751,060	814,700
Net liabilities in the scheme:		
Local Government Pension Scheme (funded)	379,016	426,102
Local Government Pension Scheme (unfunded)	20,843	17,587
Fire-fighters' 1992 Pension Scheme	137,894	151,443
Fire-fighters' 2006 Pension Scheme	7,353	9,930
Fire-fighters' Injury Pensions	5,854	6,142
Teachers' Added Years	50,023	55,608
Total Net Liabilities	600,983	666,812

The total net liability of £666.812m (2012/13 £600.983m) 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 71% (2012/13 62%). 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 Scheme 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:

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Liabilities	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years		Total	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance at 1 April	1,064,177	1,130,076	18,257	20,843	154,551	151,101	44,346	50,023	1,281,331	1,352,043
Current service cost	38,920	39,280			4,731	4,150			43,651	43,430
Interest expense	47,750	51,043	808	483	7,003	6,705	1,884	1,112	57,445	59,343
Contributions by scheme participants	9,836	9,562			1,128	1,320			10,964	10,882
Actuarial gains and losses - demographic assumptions		41,126		1,734	-20,194			5,433	-20,194	48,293
Actuarial gains and losses - financial assumptions	26,067	66,218	2,419	-1,644	5,400	10,207	5,625	-7,262	39,511	67,519
Experience gains and losses		-50,305	771	-2,411	4,345		1,666	9,811	6,782	-42,905
Other actuarial gains and losses									0	0
Benefits paid	-31,243	-35,961	-1,412	-1,418	-3,466	-3,655	-3,498	-3,509	-39,619	-44,543
Past service costs	924	547			50				974	547
(Gain)/loss from settlements	-26,355	-10,784							-26,355	-10,784
Fire-fighters pension scheme top-up grant					-2,447	-2,313			-2,447	-2,313
Closing balance at 31 March	1,130,076	1,240,802	20,843	17,587	151,101	167,515	50,023	55,608	1,352,043	1,481,512

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 Scheme 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	2012/13 £'000	2013/14 £'000
Opening balance at 1 April	619,885	751,060
Interest income	28,442	34,532
Return on plan assets	103,014	4,027
Other actuarial gains and losses	0	26,260
Administration expenses	-399	-413
Employer contributions	31,632	30,596
Contributions by scheme participants	9,836	9,562
Benefits paid	-31,243	-35,961
Settlements received/(paid)	-10,107	-4,963
Closing balance at 31 March	751,060	814,700

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

Assets	At 31 March 2013			At 31 March 2014		
	£'000	£'000	%	£'000	£'000	%
Equities*						
UK investments	228,315		31%	249,644		31%
Overseas investments	243,882		32%	255,191		31%
Private equities of unspecified origin	46,701		6%	49,929		6%
		518,898			554,764	
Gilts						
UK fixed interest government securities	19,553		3%	38,181		5%
Overseas fixed interest government securities	15,793		2%	16,643		2%
UK index-linked government securities	39,857		5%	43,075		5%
		75,203			97,899	
Other bonds						
UK corporate bonds	45,122		6%	26,106		3%
Overseas corporate bonds				6,527		1%
		45,122			32,633	
Property		45,122	6%		40,791	5%
Cash		30,081	4%		40,791	5%
Limited Liability Partnerships		22,561	3%		32,633	4%
Hedge Funds		15,040	2%		16,317	2%
Total		752,027	100%		815,828	100%

*71% of the equities at 31 March 2014 are listed (70% at 31 March 2013)

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	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Longevity assumptions:								
Base Table*	S1PA Heavy with allowance for medium cohort projection	S1PA with a 95% multiplier	S1PA Heavy with allowance for medium cohort projection	S1PA with a 95% multiplier	S1PA Heavy with allowance for medium cohort projection		S1PA Heavy with allowance for medium cohort projection	S1PA with a 95% multiplier
Men:								
Rate of improvement	1.00%	1.50%	1.00%	1.50%	1.00%		1.00%	1.50%
Longevity from 65 (currently aged 65) (yrs)	19.2	23.2	19.2	23.2	19.2	19.3	19.2	23.2
Longevity from 65 (currently aged 45) (yrs)	21.1	25.4	21.1	25.4	21.1	21.2	21.1	25.4
Women:								
Rate of improvement	1.00%	1.50%	1.00%	1.50%	1.00%		1.00%	1.50%
Longevity from 65 (currently aged 65) (yrs)	23.2	25.5	23.2	25.5	23.2	23.3	23.2	25.5
Longevity from 65 (currently aged 45) (yrs)	25.1	27.9	25.1	27.9	25.1	25.2	25.1	27.9
Financial Assumptions:								
Retail Price Index (RPI) increases	3.4%	3.6%	3.0%	3.2%	3.4%	3.7%	3.0%	3.3%
Consumer Price Index (CPI) increases	2.6%	2.8%	2.2%	2.4%	2.6%	2.9%	2.2%	2.5%
Rate of increase in salaries	4.8%	4.6%	4.4%	4.2%	4.8%	5.1%	4.4%	4.7%
Rate of increase in pensions and deferred pensions	2.6%	2.8%	2.2%	2.4%	2.6%	2.9%	2.2%	2.5%
Rate for discounting scheme liabilities	4.6%	4.4%	2.4%	3.6%	4.5%	4.5%	2.4%	3.9%

*Explanations of abbreviations are given in the glossary

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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.
- 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	-20,799	21,174	-159	161	-3,495	3,574	-573	580
Change in Projected Service Cost	-744	760	-	-	-166	173	-	-
0.1% adjustment to pension increase:								
Change in Present Value of Scheme Liabilities	19,253	-18,917	162	-161	2,045	-2,006	587	-582
Change in Projected Service Cost	771	-756	-	-	173	-166	-	-
0.1% adjustment to long term salary increase:								
Change in Present Value of Scheme Liabilities	2,232	-2,223	0	0	1,581	-1,547	0	0
Change in Projected Service Cost	0	0	-	-	2	-2	-	-
1 year adjustment to mortality age rating assumption:								
Change in Present Value of Scheme Liabilities	-42,882	43,258	-629	634	-6,427	6,509	-1,913	1,930
Change in Projected Service Cost	-1,174	1,184	-	-	-176	179	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2012/13 £'000	2013/14 £'000
Balance as at 1 April	-661,446	-600,983
Net charge made for retirement benefits in accordance with IAS19	-16,452	-23,209
Remeasurements of the net defined liability	76,915 0	-42,620 0
Balance as at 31 March	-600,983	-666,812

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:

	2012/13 £'000	2013/14 £'000
Council Tax income	289,765	275,384
Non-domestic rates	113,119	26,227
Non-ringfenced government grants	57,746	150,076
Capital grants and contributions	59,889	59,534
Total Taxation and Non-Specific Grant Income	520,519	511,221

The Business Rates Retention Scheme was introduced in April 2013. The County Council now receives a 20% share of the business rates collected by the Oxfordshire district councils, rather than a share of the nationally pooled non-domestic rates. New locally determined council tax support schemes were also introduced in 2013/14, whereby support is provided by way of a council tax discount rather than council tax benefit. This has reduced the income from council tax and has been broadly compensated by general government grant.

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:

	2012/13 £'000	2013/14 £'000
Revenue Support Grant	3,491	94,561
Business Rates Top-Up Grant		35,694
Education Services Grant		8,045
Severe Weather Recovery Grant		3,027
New Homes Bonus		1,662
Adoption Reform Grant		1,612
Troubled Families Grant		1,224
Early Intervention Grant	23,482	
Learning Disabilities and Health Reform Grant	19,722	
Council Tax Freeze Grant	7,113	
Other revenue grants	3,938	4,251
Capital grants	51,736	53,305
Developer contributions	7,056	6,018
Other capital contributions	1,097	211
Donated assets	0	0
Total	117,635	209,610

Early Intervention Grant, Learning Disabilities and Health Reform Grant and Council Tax Freeze Grant have been rolled into the baseline funding position under the new Business Rates Retention Scheme and in part explain the higher Revenue Support Grant. The Business Rates Top-Up Grant also forms part of the new Scheme.

Credited to Services:

	2012/13 £'000	2013/14 £'000
Dedicated Schools Grant	323,414	291,223
Public Health Grant		25,264
Pupil Premium Grant	7,628	9,382
Sixth Form Funding	13,405	7,241
Adult Learning (Skills Funding Agency)	2,766	4,091
Local Sustainable Transport Fund Resource Grant		1,145
PE & Sports Grant		1,169
Other grants	6,443	4,813
Total	353,656	344,328

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

NOTES TO THE CORE FINANCIAL STATEMENTS

been constrained in its ability to operate independently or might have limited another party's ability to pursue its interests independently.

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 62 on Cash Flow Statement – Operating Activities summarises the main transactions with central government and details of revenue government grant receipts are provided in Note 65.

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 has links with Donnington Doorstep and Rose Hill & Donnington Advice Centre, which received payments of £0.119m and £0.016m respectively in 2013/14. The councillor took no part in any decisions to award funding or make payments to these bodies. Towards the end of the financial year a senior officer with the Council accepted an appointment with the Orders of St John Care Trust, one of the Council's adult social care providers to which payments of £16.2m were made during 2013/14. The senior officer had no involvement in commercial decisions relating to the provider following acceptance of the appointment. 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 2014, the County Council made employer contributions totalling £30.690m to the Fund (£31.967m in 2012/13). The County Council charged the Fund £0.960m (£1.042m in 2012/13) for expenses incurred in administering the Fund. As at 31 March 2014 £2.378m was due to the Pension Fund and £0.058m by the Pension Fund (£2.356m and £0.069m respectively as at 31 March 2013).

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 2013/14 are as follows (this includes members who retired or who were not re-elected at the May 2013 County Council election):

Oxford City

Mohammed Altaf-Khan
Alan Armitage
Roy Darke
Jean Fooks
John Goddard
Mark Lygo
Saj Malik
Susanna Pressel
Gill Sanders
Val Smith
John Tanner
David Williams

South Oxfordshire

Mark Gray
Tony Harbour
Neville Harris
Steve Harrod
Anne Purse
Bill Service
David Turner

West Oxfordshire

Louise Chapman
Pete Handley
David Harvey
Steve Hayward
Hilary Hibbert-Biles
Simon Hoare
Richard Langridge
Neil Owen

NOTES TO THE CORE FINANCIAL STATEMENTS

Cherwell

Alyas Ahmed
 Maurice Billington
 Norman Bolster
 Ann Bonner
 Mark Cherry
 Surinder Dhesi
 Michael Gibbard
 Timothy Hallchurch MBE
 Kieron Mallon
 George Reynolds
 Les Sibley
 Lawrie Stratford
 Nicholas Turner

Vale of White Horse

Marilyn Badcock
 Michael Badcock
 Yvonne Constance
 Jenny Hannaby
 Bob Johnston
 Peter Jones
 Sandy Lovatt
 Melinda Tilley
 Richard Webber

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

2013/14 District Council	Collection Fund Transactions			Other Transactions	
	Rates £'000	Rates Receipts £'000	Precepts £'000	Payments £'000	Receipts £'000
Cherwell	1,543	-6,767	-56,522	2,577	-2,221
Oxford City	1,691	-8,076	-49,243	5,200	-1,746
South Oxfordshire	1,149	-4,083	-63,650	1,715	-467
Vale of White Horse	1,210	-5,443	-55,444	1,341	-232
West Oxfordshire	1,108	-2,887	-48,354	1,714	-357
Total	6,701	-27,256	-273,213	12,547	-5,023

2012/13 District Council	Collection Fund Transactions		Other Transactions	
	Rates £'000	Precepts £'000	Payments £'000	Receipts £'000
Cherwell	1,751	-59,597	1,948	-204
Oxford City	2,012	-54,756	4,126	-2,332
South Oxfordshire	1,549	-65,873	1,770	-460
Vale of White Horse	1,229	-58,303	1,298	-157
West Oxfordshire	1,303	-50,015	1,437	-328
Total	7,844	-288,544	10,579	-3,481

No other related parties have been identified.

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24. Movement of Property, Plant and Equipment

2013/14	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	750,902	108,797	424,317	5,034	9,084	1,298,134	18,326
Additions	16,994	4,454	19,420	1,372	10,236	52,476	772
Donations						0	
Revaluation increases recognised in the Revaluation Reserve	13,814			1,181		14,995	136
Revaluation decreases recognised in the Revaluation Reserve	-3,756			-468		-4,224	-9
Revaluation increases recognised in the Surplus/Deficit on Provision of Services	5,922			317		6,239	12
Revaluation decreases recognised in the Surplus/Deficit on Provision of Services	-3,026			-617		-3,643	-3
Derecognition - disposals	-8	-260				-268	
Derecognition - other	-67,501	-16,728			-184	-84,413	-1,408
Assets reclassified to / from Held for Sale	-893			-1,781		-2,674	-306
Assets reclassified to / from Investment Properties	-360			-621		-981	
Assets reclassified to / from Intangible Assets						0	
Transfers	-15,825	20,435	1,716	225	-6,551	0	
Other movements in cost or valuation						0	
Cost or Valuation as at 31 March	696,263	116,698	445,453	4,642	12,585	1,275,641	17,520
Depreciation as at 1 April	-1,226	-29,386	-97,522	-16	0	-128,150	-20
Depreciation charge	-10,166	-7,606	-12,174	-87		-30,033	-226
Depreciation written out to the Revaluation Reserve	5,262			30		5,292	168
Depreciation written out to the Surplus/Deficit on Provision of Services	2,975			72		3,047	69
Derecognition - disposals		230				230	
Derecognition - other	1,723	5,659				7,382	8

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14 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
Assets reclassified to / from Held for Sale						0	
Assets reclassified to / from Investment Properties						0	
Assets reclassified to / from Intangible Assets						0	
Depreciation on transfer	-361	361				0	
Other movements in depreciation						0	
Depreciation as at 31 March	-1,793	-30,742	-109,696	-1	0	-142,232	-1
Impairment as at 1 April	-268	-140	0	0	0	-408	0
Impairment losses recognised in the Revaluation Reserve	-2,634			-347		-2,981	
Impairment loss reversals recognised in the Revaluation Reserve						0	
Impairment losses recognised in the Surplus/Deficit on Provision of Services	-1,273	-3,903		-598		-5,774	
Impairment loss reversals recognised in the Surplus/Deficit on Provision of Services						0	
Impairment written out to the Revaluation Reserve	2,447			354		2,801	
Impairment written out to the Surplus/Deficit on Provision of Services	1,506			591		2,097	
Derecognition - disposals						0	
Derecognition - other		3,903				3,903	
Assets reclassified to / from Held for Sale						0	
Impairment on transfer						0	
Other movements in impairment						0	
Impairment as at 31 March	-222	-140	0	0	0	-362	0
Net Book Value at 31 March 2013	749,408	79,271	326,795	5,018	9,084	1,169,576	18,306
Net Book Value at 31 March 2014	694,248	85,816	335,757	4,641	12,585	1,133,047	17,519

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13	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	989,471	127,623	408,676	3,997	9,934	1,539,701	17,816
Additions	20,544	2,406	15,939		8,085	46,974	5,009
Donations						0	
Revaluation increases recognised in the Revaluation Reserve	2,229			132		2,361	73
Revaluation decreases recognised in the Revaluation Reserve	-25,326			-88		-25,414	-643
Revaluation increases recognised in the Surplus/Deficit on Provision of Services	4,852			19		4,871	17
Revaluation decreases recognised in the Surplus/Deficit on Provision of Services	-36,895			-498		-37,393	-3,381
Derecognition - disposals		-801				-801	
Derecognition - other	-201,495	-28,943	-1,088			-231,526	-565
Assets reclassified to / from Held for Sale						0	
Assets reclassified to / from Investment Properties	-342					-342	
Assets reclassified to / from Intangible Assets		-194				-194	
Transfers	-2,136	8,706	790	1,472	-8,832	0	
Other movements in cost or valuation					-103	-103	
Cost or Valuation as at 31 March	750,902	108,797	424,317	5,034	9,084	1,298,134	18,326
Depreciation as at 1 April	-14,186	-33,492	-85,901	-12	0	-133,591	-170
Depreciation charge	-10,592	-9,982	-11,685	-20		-32,279	-242
Depreciation written out to the Revaluation Reserve	11,178			8		11,186	330
Depreciation written out to the Surplus/Deficit on Provision of Services	8,551			8		8,559	61
Derecognition - disposals		761				761	
Derecognition - other	4,371	12,774	64			17,209	1

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13 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
Assets reclassified to / from Held for Sale						0	
Assets reclassified to / from Investment Properties						0	
Assets reclassified to / from Intangible Assets		5				5	
Depreciation on transfer	-548	548				0	
Other movements in depreciation						0	
Depreciation as at 31 March	-1,226	-29,386	-97,522	-16	0	-128,150	-20
Impairment as at 1 April	-5,619	-198	0	0	0	-5,817	0
Impairment losses recognised in the Revaluation Reserve	-3,051			-20		-3,071	-38
Impairment loss reversals recognised in the Revaluation Reserve						0	
Impairment losses recognised in the Surplus/Deficit on Provision of Services	-8,707	-365		-442		-9,514	-817
Impairment loss reversals recognised in the Surplus/Deficit on Provision of Services						0	
Impairment written out to the Revaluation Reserve	2,490					2,490	
Impairment written out to the Surplus/Deficit on Provision of Services	13,672			462		14,134	855
Derecognition - disposals						0	
Derecognition - other	947	423				1,370	
Assets reclassified to / from Held for Sale						0	
Impairment on transfer						0	
Other movements in impairment						0	
Impairment as at 31 March 2012	-268	-140	0	0	0	-408	0
Net Book Value at 31 March 2012	969,666	93,933	322,775	3,985	9,934	1,400,293	17,646
Net Book Value at 31 March 2013	749,408	79,271	326,795	5,018	9,084	1,169,576	18,306

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25. Movement in the Fair Value of Investment Properties

	2012/13		2013/14	
	Non-Current	Current	Non-Current	Current
	£'000	£'000	£'000	£'000
Balance at 1 April	4,521	0	5,151	535
Derecognition				-555
Net gains (+)/losses (-) from fair value adjustments	305	518	1,058	20
Assets reclassified to / from Investment Properties	325	17	981	
Balance at 31 March	5,151	535	7,190	0

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.

26. Movement in the value of Assets Held for Sale

2012/13 £'000		2013/14 £'000
104	Balance at 1 April	0
	Assets newly classified as held for sale:	
	- Property, Plant and Equipment	2,674
	Revaluation losses	-1,473
	Impairment losses	
	Assets declassified as held for sale:	
	- Property, Plant and Equipment	
-104	Assets derecognised	-1,125
	Additions	
0	Balance at 31 March	76

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

27. Movement in the value of Intangible Assets

The County Council did not capitalise any purchased software licenses in 2013/14 (£0.069m in 2012/13). The movement in the carrying value of intangible assets for the year was as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2012/13 £'000	2013/14 £'000
Gross Carrying Value at 1 April	6,180	5,661
Additions	69	
Assets reclassified to/from Intangible Assets	194	
Derecognition	-782	-1,851
Gross Carrying Value at 31 March	5,661	3,810
Amortisation at 1 April	-4,082	-4,061
Amortisation for the year	-729	-718
Depreciation on reclassification to/from Intangible Assets	-5	
Amortisation on derecognition	755	1,681
Amortisation at 31 March	-4,061	-3,098
Impairment at 1 April	0	0
Impairment for the year	-26	-168
Impairment on reclassification to/from Intangible Assets	0	
Impairment on Derecognition	26	168
Impairment at 31 March	0	0
Net Book at 1 April	2,098	1,600
Net Book Value at 31 March	1,600	712

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

Service line	2012/13 £'000	2013/14 £'000
Children's and Education Services	278	311
Adult Social Care	213	177
Highways and Transport Services	79	82
Fire and Rescue Services	59	28
Environmental and Regulatory Services	14	33
Public Health	0	0
Cultural and Related Services	55	61
Planning Services	13	5
Central Services to the Public	8	12
Other Corporate Services	10	9
Total	729	718

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The main heritage assets held by the County Council comprise museum collections, history centre collections and archaeological sites, details of which are provided below.

The Oxfordshire Museums Service collects, preserves and presents for the education and enjoyment of current and future generations, material relating to the heritage of Oxfordshire. The museum collections comprise:

- Archaeology collections - these cover a broad time span from the Palaeolithic to the 17th century. Most of the collections are acquired following excavation as a result of development. There are 40,777 items held, almost all of which are owned by the County Council, and include some material of national significance
- History collections - these illustrate the lives of ordinary people in Oxfordshire over the last 400 years. They are used in permanent displays throughout the county, in temporary exhibitions and for study and enjoyment by local groups and individuals. The collections cover a range of industries, crafts and activity including textile industries, agriculture and associated food processing, woodland industries, car manufacture, brewing, retail, slate production, rural crafts and contemporary working life. There are 48,833 items held, the vast majority of which are owned by the County Council
- Textile collection - this covers a range of men's, women's and children's dress from the 17th century to the 20th century, together with some costume accessories and textiles and includes some items of national importance
- Other collections - the Museum Service holds 1,000 natural science specimens, a collection of prints and drawings either by an Oxfordshire based artist or depicting Oxfordshire, a collection of contemporary craftwork, photographic collections, a historic motor vehicle and handling collections. The latter comprises approximately 8,562 objects suitable for handling by the public in educational and community sessions. The majority of items reflect domestic and social history, in addition there are archaeological replicas and some boxed natural history specimens.

The Oxfordshire History Centre is responsible for the written and printed heritage of Oxfordshire. The Centre currently holds 7,838 linear metres of collections and approximately 5,000 hours of oral history recordings. The collections comprise:

- Administrative records - these include items such as county, district and parish council records and court sessions and include minutes, accounts, legal papers, inquests, correspondence and deeds. Some of these are on loan to the County Council
- Church records - These records on loan to the County Council include diocesan records for Oxford Diocese, archdeaconry records for the Archdeaconry of Oxford, and parish records for all parishes within the archdeaconry
- Private deposits - these include items such as business records, estate papers, family papers, property records and a range of other types of deposit. Most of these are on loan to the County Council

NOTES TO THE CORE FINANCIAL STATEMENTS

- Other records - these include books, newspapers, magazines, journals, pamphlets, posters, ephemera, microfilm, digital files, and research notes. Most of these records are owned by the County Council

Archaeological sites within Oxfordshire range from Neolithic ritual landscapes, iron-age and Roman settlements and small towns, Anglo-Saxon hamlets, to later Saxon and medieval villages and towns, monasteries and markets. A database of such assets is maintained by the County Council to form the basis for advice on planning applications; only a few of these sites are in the County Council's ownership.

Other heritage assets held by the County Council include paintings within County Hall, a bronze statue and the Chairman's Chain of Office and a small number of properties with heritage characteristics that are not used for operational purposes, such as the Castle Mound. None of these items are valued above the County Council's de-minimis limit.

The Oxfordshire Museums Service has a detailed 'Acquisition and Disposal Policy 2011 – 2016' which covers acquisition, management, preservation and disposal of collections. These documents are available on request to the Oxfordshire Museums Service.

Detailed documents are available on the acquisition, management and preservation of the Oxfordshire History Centre documents. This includes the 'Archives De-accessioning Policy', 'Preservation Policy' and 'Access to the Searchroom and conduct of researchers'. Disposals do not normally take place as the acquisition policy should ensure unwanted material is not accepted. These documents are available on request to the Oxfordshire History Centre.

The County Council's policy on acquisition, management, preservation and disposal of property assets is available in the Consultants Manual accessible through the County Council's public website.

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 £2.5m 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

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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 other educational premises (children's, youth and sports centres) and surplus assets were revalued as at 1 April 2013.

Component accounting has been introduced with effect from 1 April 2010. Where, as a result of enhancement work, components are replaced or restored the carrying amount of the component is derecognised and the carrying amount of the new component recognised. The County Council has used the cost of the new part (adjusted for indexation) as an estimate of what the cost of the replaced part was at the time it was acquired or constructed.

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 in relation to the provision of residential care homes and care services, details of which are given below.

Provision of residential care services originally in 19 homes across Oxfordshire under a 25 year contract with 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 current property standards, These have now all been reprovided through a redevelopment programme.

The operator has built 9 new homes and 4 Extra Care Housing schemes through the redevelopment programme, whilst 12 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.

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There have been no significant changes in 2013/14 although the operation of the contract, the services provided and the future development programme are currently subject to review and significant changes are possible during 2014/15.

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 arrangements and an analysis of movements in the year are set out below:

	2012/13	2013/14
	£'000	£'000
Balance at 1 April	24,330	27,868
Increase in liability in the year	4,444	
Liability repaid in the year	-906	-687
Balance at 31 March	27,868	27,181

Details of payments due to be made under the service concession arrangement are as follows, with comparative figures for 2012/13 provided below. These are based on the current financial model and may change as a result of the current review of the contract.

2013/14	Service Costs	Principal Repayments	Interest Costs	Lifecycle Replacement Payments	Total
	£'000	£'000	£'000	£'000	£'000
Within 1 Year	13,355	739	2,070	676	16,840
2 -5 Years	58,555	3,563	7,674	2,983	72,775
6 - 10 Years	86,572	6,207	7,839	4,450	105,068
11 -15 Years	72,360	16,672	4,344	4,245	97,621
Total	230,842	27,181	21,927	12,354	292,304

2012/13	Service Costs	Principal Repayments	Interest Costs	Lifecycle Replacement Payments	Total
	£'000	£'000	£'000	£'000	£'000
Within 1 Year	13,947	687	2,122	709	17,465
2 -5 Years	58,713	3,312	7,925	3,130	73,080
6 - 10 Years	86,483	5,768	8,278	4,670	105,199
11 -15 Years	94,750	18,101	5,724	5,681	124,256
Total	253,893	27,868	24,049	14,190	320,000

31. Finance Leases

The County Council has acquired some equipment under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment on the Balance Sheet at the following amounts:

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	At 31 March 2013 £'000	At 31 March 2014 £'000
Vehicles, plant and equipment	211	145

Contingent rents recognised as an expense in 2013/14 totalled £0.005m (£0.011m in 2012/13).

The minimum lease payments, comprising settlement of the liability and finance costs, are made up of the following amounts:

	At 31 March 2013 £'000	At 31 March 2014 £'000
Finance lease liabilities	226	147
Finance costs payable in future years	17	6
Total future minimum lease payments	243	153

The minimum lease payments are payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	At 31 March 2013	At 31 March 2014	At 31 March 2013	At 31 March 2014
	£'000	£'000	£'000	£'000
Within 1 year	136	93	125	89
Within 2nd - 5th years	107	59	101	58
6th year and beyond	0	0	0	0
Total	243	152	226	147

32. Capital Spending 2013/14

The County Council's total capital spend for 2013/14 was £67.201m, which included £5.254m of structural repairs and maintenance of buildings, structural highways maintenance, purchase of vehicles/equipment and ICT, £0.032m of loans for capital works/equipment and £14.478m of work in progress as at 31 March 2014.

Details of the expenditure are set out in the following table:

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Spending	£'000	£'000
Children, Education & Families		
Oxford Wood Farm Primary School	2,496	
Oxford Bayards Hill Primary School	1,850	
Chinnor, St Andrews Primary School	828	
Oxford Spires Academy	5,962	
Existing Demographic Pupil Provision	1,000	
Woodstock Primary School	1,060	
Oxford, New Marston Primary School	1,030	
Wallingford, Cholsey Primary School	910	
Oxford, Cutteslow Primary School	1,122	
Henley, Badgemore Primary School	585	
Reducing Out of County Provision for SEN	1,110	
School Structural Maintenance (including Health & Safety)	4,994	
Devolved Formula Capital (Schools)	3,648	
Devolved Formula Capital (Academies)	786	
Schemes under £500,000	3,259	
Total Children, Education & Families		30,640
Social & Community Services		
Dignity Plus Dementia Care	1,417	
Extra Care Housing - Thornbury	1,372	
Extra Care Housing - Yarnton	900	
Schemes under £500,000	538	
Total Social & Community Services		4,227
Environment & Economy		
Milton Interchange Improvement	684	
Kennington Roundabout Improvement	825	
Didcot Parkway Station Interchange	3,436	
Thornhill Park and Ride Extension	1,046	
Carriageway Programme (Non-Principal Roads)	2,644	
Footways Programme	1,272	
Routine Surface Dressing	1,074	
Combined Safety Schemes	1,048	
Routine Pre-patching	851	
Patching and Surface Dressing	755	
Carriageway Resurfacing	967	
Wheatley River Bridge	1,598	
Oxford Road Kennington (Bagley Wood)	1,020	
Schemes under £500,000	9,337	
Total Environment & Economy		26,557
Chief Executive's Office		
Schemes under £500,000	491	
Total Chief Executive's Office		491
Sub Total Capital Programme		61,915

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Spending	£'000	£'000
Capitalised Structural Repairs & Maintenance of Buildings		1,184
Capitalised Purchase of Vehicles / Equipment		1,310
Capitalised Structural Maintenance of Highways		2,239
Capitalised ICT		521
Capitalised Loans		32
Sub Total		5,286
Total		67,201

33. Summary of capital expenditure

Capital expenditure by asset class is as follows:

	2012/13 £'000	2013/14 £'000
Property, Plant and Equipment	46,974	52,476
Intangible Assets	69	0
Revenue Expenditure Funded from Capital under Statute	9,362	15,516
Capital loans	146	32
Repayment of capital grants and contributions	56,551	68,024
Less assets acquired under service concession arrangements	-4,444	0
Less assets transferred from capital prepayment account	-565	-771
Less assets acquired under finance leases	-45	-52
Total capital expenditure	51,497	67,201

34. Capital Financing

The capital expenditure of £67.201m has been financed from the following sources:

	2012/13 £'000	2013/14 £'000
Prudential and other unsupported borrowing	757	1,221
Grants & Contributions	44,468	58,771
Revenue	6,272	7,209
Total	51,497	67,201

NOTES TO THE CORE FINANCIAL STATEMENTS

35. 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:

	2012/13 £'000	2013/14 £'000
Capital Financing Requirement as at 1 April	452,607	438,761
New supported borrowing	0	0
New unsupported borrowing	757	1,221
Assets acquired under service concession arrangements	4,444	0
Assets acquired under finance leases	45	52
Service concession arrangements - lifecycle prepayments	682	482
Residual interest - asset accumulation prepayments	43	43
Loan repayments and fair value adjustments	-4	382
Reduction in underlying need to borrow arising from derecognition of finance leases	-163	0
Minimum Revenue Provision for the year	-19,650	-18,046
Increase (+)/decrease (-) in Capital Financing Requirement	-13,846	-15,866
Capital Financing Requirement as at 31 March	438,761	422,895

36. Capital Commitments

As at 31 March 2014 the Council was contractually committed to £31.933m (£14.187m as at 31 March 2013) on the following schemes:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14 £'000	
Children, Education & Families		
Oxford, Cutteslowe Primary School	758	
Oxford, Ormerod School	3,055	
Oxford, Bayards Hill Primary School	3,459	
Oxford, St Gregory the Great School	3,002	
Oxford, St Joseph's Primary School	1,073	
Schemes under £500,000	1,984	
		13,331
Social & Community Services		
Schemes under £500,000	504	
		504
Environment & Economy		
Edge Strengthening	665	
County Hall Customer Services Centre Moves	744	
Better Broadband	13,473	
Schemes under £500,000	3,061	
		17,943
Chief Executive's Office		
Schemes under £500,000	155	
		155
TOTAL		31,933

As at 31 March 2014 there were no commitments relating to investment property or intangible assets.

37. 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 and the finance liability element of service concession arrangements. The Code specifies the categorisation of these assets (see pages 26 – 28 of Note 1 Summary of Significant Accounting Policies). For each category, the financial instruments disclosed in the Balance Sheet are carried at the following values:

NOTES TO THE CORE FINANCIAL STATEMENTS

	Long-Term		Current	
	At 31 March 2013	At 31 March 2014	At 31 March 2013	At 31 March 2014
	£'000	£'000	£'000	£'000
Loans and receivables	100,926	88,985	223,404	227,074
Available-for-sale financial assets	0	0	29,976	47,015
Financial assets at fair value through profit and loss	0	0	0	0
Total Financial Assets	100,926	88,985	253,380	274,089
Financial liabilities at amortised cost	413,913	410,883	106,435	91,692
Total Financial Liabilities	413,913	410,883	106,435	91,692

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 £8.018m of loans and receivables as at 31 March 2014 secured on property (£8.163m at 31 March 2013). Of this, £2.364m was new in 2013/14 (£2.624m in 2012/13). 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 2014, 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:

	2012/13 £'000	2013/14 £'000
Balance as at 1 April	4,784	4,728
Nominal value of new loans granted	278	448
Fair value adjustment on initial recognition	-11	-2
Loans repaid during the year	-405	-601
Impairment losses recognised	-39	0
Interest credited to the Surplus/Deficit on Provision of Services	93	80
Other changes	28	69
Balance as at 31 March	4,728	4,722

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, deferred payment agreements for clients' care costs and deferred payment for ICT equipment under the City

NOTES TO THE CORE FINANCIAL STATEMENTS

Council ICT agency agreement (which came to an end in 2013/14). The nominal value of the soft loans as at 31 March 2014 was £4.794m (£4.870m at 31 March 2013).

38. Financial Instrument Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair values can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The discount rate for Public Works Loans Board (PWLB) loans is the rate for new borrowing on 31 March for the period
- Soft loans have been discounted at the estimated market rate as at 31 March for the period
- Finance leases and the finance liability element of the service concession arrangement have been discounted at the rate for new PWLB borrowing as at 31 March for the period
- Where a fixed rate instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The carrying value of short-term debtors and creditors is assumed to approximate to fair value

The fair values calculated are as follows:

	At 31 March 2013		At 31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and receivables	324,330	326,017	316,059	316,579

As at 31 March 2014 the fair value is higher than the carrying value amount because the authority's portfolio of investments includes a number of fixed rate loans where the interest receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the authority would receive if it agreed to early repayment of the loans.

	At 31 March 2013		At 31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities	520,348	574,807	502,575	521,203

As at 31 March 2014 the fair value is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed to early repayment of the loans. Similarly the discount rate implied in the service concession arrangement and

NOTES TO THE CORE FINANCIAL STATEMENTS

finance leases is higher than the rates available for new borrowing at the Balance Sheet date.

39. Impairment of Investments

Early in October 2008, the Icelandic bank Landsbanki collapsed and went into administration. The County Council had £5m deposited with this institution, with varying maturity and interest rates. The position as at 31 March 2013 was as follows:

Deposit	Date invested	Maturity date	Amount invested £'000	Interest rate	Accrued Interest £'000	Repayment (net of accrued interest) £'000	Impairment £'000	Carrying amount £'000
1	05/09/2008	05/12/2008	2,000	5.83%	31	-597	-604	830
2	10/09/2008	28/11/2008	3,000	5.73%	47	-905	-894	1,248
Total			5,000		78	-1,502	-1,498	2,078

During 2013/14 a further distribution was received from the Winding Up Board. It has been assumed that the distribution received in September was in respect of interest accrued to August 2013, with the remainder repaying principal.

In early February 2014, the Council sold its remaining Landsbanki claims via joint auction with other local authority participants. The sale of the council's claims removed the risk of future Icelandic Krona currency fluctuations and accelerated the claim recovery period. The council no longer has an outstanding claim with Landsbanki.

The changes to the carrying value of the deposits as a result of the distribution and sale during 2013/14 are set out in the table below.

Deposit	Carrying amount at 1 April 2013 £'000	Interest accrued (April to Aug 2013) £'000	Repayments (Sept 2013) £'000	Adjustment to Impairment £'000	Interest accrued (Sept 2013 to Jan 2014) £'000	Carrying amount at 31 Jan 2014 £'000	Disposal Feb 2014 £'000	Carrying amount at 31 March 2014 £'000
1	830	20	-101	-1	20	768	-768	0
2	1,248	30	-150	-1	30	1,157	-1,157	0
Total	2,078	50	-251	-2	50	1,925	-1,925	0

The impairment was calculated by discounting the assumed future cash flows at the effective interest rate of the original deposits to recognise the anticipated loss of interest to the County Council until monies were recovered. The requirement to use the original interest rate and not the prevailing market rate is specified by the Code. The £0.002m adjustment to the impairment recognised in the Comprehensive Income and Expenditure Statement in 2013/14 is due to the difference in the discounted future cashflow assumptions that would have applied if the claims had not been sold and the distribution and disposal values in 2013/14.

NOTES TO THE CORE FINANCIAL STATEMENTS

40. Investment Impairment Allowance Account

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 on the investment impairment allowance account is as follows:

2012/13 £'000		2013/14 £'000
-1,554	Balance at 1 April	-1,498
56	Decrease in allowance	
	Increase in allowance	-2
	Derecognition on disposal	1,500
-1,498	Balance at 31 March	0

41. Long Term Debtors

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

	At 31 March 2013 £'000	At 31 March 2014 £'000
Key Worker Loans	447	357
Car Loans to Employees	37	39
Chronically Sick & Disabled Persons Act – loans	2,107	2,009
Children’s Act: loans to foster carers	514	547
Other	30	33
	3,135	2,985
Capital Prepayment Account	2,830	2,584
Total	5,965	5,569

Other than the Capital Prepayment Account and “Other”, the long-term debtors 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 (£0.771m was transferred in 2013/14). 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.

42. Inventories

A breakdown of items within the Inventories category on the Balance Sheet and the movements during the year are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14	Balance at 1 April 2013	Purchases	Recognised as an expense in the year	Written Off Balances	Balance at 31 March 2014
	£'000	£'000	£'000	£'000	£'000
Food & catering supplies	8	116	-117		7
Cleaning and other supplies	12	28	-33		7
Road salt	126				126
Fire & Rescue Service equipment	64	51	-67	-1	47
Total	210	195	-217	-1	187

2012/13	Balance at 1 April 2012	Purchases	Recognised as an expense in the year	Written Off Balances	Balance at 31 March 2013
	£'000	£'000	£'000	£'000	£'000
Food & catering supplies	130	87	-209		8
Cleaning and other supplies	28	39	-55		12
Road salt	126				126
Fire & Rescue Service equipment	72	61	-68	-1	64
Total	356	187	-332	-1	210

43. Debtors

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

	At 31 March 2013 £'000	At 31 March 2014 £'000
Government Departments	5,477	7,496
Other Local Authorities	6,953	9,768
Health Authorities	1,670	2,327
Public Corporations and Trading funds	0	20
Payments in Advance	3,888	4,449
Sundry	29,500	32,327
	47,488	56,387
Less Impairment Allowance Account	-7,406	-8,578
	40,082	47,809

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 and investments within the loans and receivables

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

2012/13 £'000		2013/14 £'000
-7,301	Balance at 1 April	-7,406
312	Decrease in allowance	4
-417	Increase in allowance	-1176
-7,406	Balance at 31 March	-8,578

Movement on the investment impairment allowance is given in Note 40.

44. 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 2013 £'000	At 31 March 2014 £'000
Cash at bank and in hand	-4,355	-4,146
Call Accounts	15,031	19,880
Money Market Funds	2,345	614
Total	13,021	16,348

45. 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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-, viability rating below bb or support rating below 3, 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-, viability rating bbb and support rating 2, or other Government bodies (e.g. other Local Authorities).

The following table summarises the nominal value of the Council's investment portfolio at 31 March 2014, and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

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Counterparty	Credit rating criteria met when investment placed?	Credit rating criteria met on 31 March 2014?	Balance invested as at 31 March 2014						Total
			Up to 1 month	1-3 months	3 - 6 months	6 – 12 months	1 – 2 years	2 – 3 years	
	Yes/No	Yes/No	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Banks UK	Yes	Yes	5,000	20,000	-	10,000	-	-	35,000
Banks non-UK:									
Singapore	Yes	Yes	5,000	10,000	30,000	-	-	-	45,000
Canada	Yes	Yes	10,000	-	-	-	-	-	10,000
Sweden	Yes	Yes	-	-	5,000	-	-	-	5,000
Australia	Yes	Yes	-	-	5,000	-	-	-	5,000
Total Banks			20,000	30,000	40,000	10,000	-	-	100,000
Local Authorities and Police Authorities	Yes	Yes	5,000	6,000	43,000	20,000	51,000	35,000	160,000
Building Societies - UK	Yes	Yes	-	10,000	-	-	-	-	10,000
Notice Accounts	Yes	Yes	-	27	1	-	-	-	28
Short dated Bond Funds	Yes	Yes	26,276	-	-	-	-	-	26,276
Bond Funds	Yes	Yes	20,125	-	-	-	-	-	20,125
Money Market Funds	Yes	Yes	614	-	-	-	-	-	614
Call Accounts	Yes	Yes	19,881	-	-	-	-	-	19,881
Total			91,896	46,027	83,001	30,000	51,000	35,000	336,924

NOTES TO THE CORE FINANCIAL STATEMENTS

The above analysis shows that all deposits outstanding as at 31 March 2014 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 £26.369m short-term debtors included in loans and receivables, £20.851m were past due at 31 March 2014 (£18.834m at 31 March 2013). The past due amount can be analysed by age as follows:

	At 31 March 2013 £'000	At 31 March 2014 £'000
Less than 1 month	10,878	12,051
Between 1 and 3 months	1,860	2,410
Between 3 and 6 months	1,620	1,826
Between 6 months and 1 year	1,241	1,212
Between 1 and 3 years	2,399	2,381
Over 3 years	836	971
Total	18,834	20,851

None of these past-due short-term debtors have been individually impaired. An impairment allowance of £1.218m has been provided for past due debtors that are financial instruments based on past experience (£1.160m at 31 March 2013). This is the County Council's estimate of maximum exposure to uncollectability. £1.076m 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 (£0.142m). There have been improvements in the collection of debts in recent years, hence the current estimate of uncollectability is lower 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.

With the exception of car loans and "other" long-term debtors, long-term debtor financial instruments are secured on property. Details of this collateral are provided in Note 37.

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 2013 £'000		At 31 March 2014			
		Fixed Rate Borrowing £'000	Variable Rate Borrowing £'000	Other Finance Liabilities £'000	Total £'000
32,421	Less than 1 year	5,488	15,923	828	22,239
8,067	Between 1 and 2 years	6,000	10,000	818	16,818
59,594	Between 2 and 5 years	50,000	20,000	2,803	72,803
61,768	Between 5 and 10 years	39,000	5,000	6,207	50,207
284,484	More than 10 years	254,383	0	16,672	271,055
446,334		354,871	50,923	27,328	433,122

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 is limited to 25%. Principal deposited at variable rates net of investments at variable rates as a proportion of total net borrowing is limited to 25%.

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:

	2012/13 £'000	2013/14 £'000
Increase in interest payable on new borrowings	0	0
Increase in interest receivable on variable and structured investments	-161	-100
Increase in interest receivable on fixed rate investments	-1,264	-1,201
Increase in the gain arising from the revaluation of available for sale assets	-254	-359
Impact on Comprehensive Income & Expenditure Statement	-1,679	-1,660

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:

	2012/13 £'000	2013/14 £'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	997	775
Decrease in the gain arising from the revaluation of available for sale assets	254	221
Impact on Comprehensive Income & Expenditure Statement	1,251	996

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.

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.

46. 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 2013 £'000	At 31 March 2014 £'000
Receipts in Advance		
Government Departments	1,597	1,054
Other Local Authorities	13	19
Health Authorities	15	15
Public Corporations and Trading Funds	6	0
Sundry	3,625	4,423
	5,256	5,511
Creditors		
Government Departments	11,067	10,128
Other Local Authorities	5,635	3,723
Health Authorities	1,378	3,456
Public Corporations and Trading Funds	10	7
Sundry	66,349	62,615
	84,439	79,929
Long Term Receipts in Advance	1,755	2,606
	91,450	88,046

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.

47. 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 2013 £'000	Reclass- ification between short and long term £'000	Additional provisions made in 2013/14 £'000	Amounts used in 2013/14 £'000	Unused amounts reversed in 2013/14 £'000	Balance at 31 March 2014 £'000
Provision due within 1 year						
Insurance	324	478	1,790	-1,688	-537	367
Pooled Budgets	1,763		698	-1,498		963
Redundancy	292			-202		90
Fairer Charging Refunds	445			-445		0
Carbon Commitment Levy	658		630	-659		629
Retained Fire Fighters	0					0
MMI Scheme of Arrangement	466		3	-449		20
Highways Schemes	0		433			433
Business Rates	0		1,735			1,735
Other	0					0
	3,948	478	5,289	-4,941	-537	4,237
Provision due after 1 year						
Insurance	4,626	-478	5,458	-718	-2,009	6,879
Total	8,574	0	10,747	-5,659	-2,546	11,116

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2012	Reclassification between short and long term	Additional provisions made in 2012/13	Amounts used in 2012/13	Unused amounts reversed in 2012/13	Balance at 31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Provision due within 1 year						
Insurance	504	610	1,686	-1,812	-664	324
Pooled Budgets	751		1,770	-758		1,763
Redundancy	1,177		292	-867	-310	292
Fairer Charging Refunds	0		445			445
Carbon Commitment Levy	493		658	-493		658
Retained Fire Fighters	100			-100		0
MMI Scheme of Arrangement	0		466			466
Other	55			-55		0
	3,080	610	5,317	-4,085	-974	3,948
Provision due after 1 year						
Insurance	5,160	-610	2,943	-1,068	-1,799	4,626
Total	8,240	0	8,260	-5,153	-2,773	8,574

Details of the provisions held at 31 March 2014 are as follows:

- Details of the insurance provision are given in Note 48 below
- 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 arising from further service redesign within the Children, Education and Families directorate. The estimate is based on assumptions about numbers, grades of post and average length of service and is subject to change.
- The Fairer Charging Refunds provision reflected the estimated reimbursement to clients to take account of variations in care costs.
- The Carbon Commitment Levy provision reflects the County Council's estimated liability for purchasing carbon allowances for carbon dioxide emissions in 2013/14 under the Government's Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The County Council is required to purchase and surrender allowances, retrospectively, on the basis of carbon dioxide produced as energy is used. The liability will be discharged by surrendering allowances. The County Council falls out of the CRC Scheme in 2014/15.
- 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. The initial 15% levy was paid in 2013/14 and a provision of

NOTES TO THE CORE FINANCIAL STATEMENTS

£0.020m has been made for the self-insured element of the latest scheme of arrangement.

- The highways schemes provision relates to an estimated liability for the settlement of disputed contract costs.
- 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.

48. Insurance Provision

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 66, there are no significant unfunded risks.

These claims will be 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 2 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.

49. Deferred Income

The deferred income balance of £4.130m at 31 March 2014 (£5.123m at 31 March 2013) 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.

50. 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 2013/14, split between short term and long term is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14	Capital Grants	Developer Contributions	Other Contributions	Total
	£'000	£'000	£'000	£'000
Short term:				
Balance as at 1 April 2013	4,518	1,397	0	5,915
Received/refunded during the year	4,871	684		5,555
Transferred to the Comprehensive Income and Expenditure Statement during the year	-2,089	-2,938		-5,027
Reclassification between short and long term	4,812	5,398		10,210
Balance at 31 March 2014	12,112	4,541	0	16,653
Long term:				
Balance as at 1 April 2013	6,892	23,199	65	30,156
Received/refunded during the year		10,507		10,507
Transferred to the Comprehensive Income and Expenditure Statement during the year		171		171
Reclassification between short and long term	-4,812	-5,398		-10,210
Balance at 31 March 2014	2,080	28,479	65	30,624
Total at 31 March 2014	14,192	33,020	65	47,277

The balance at 31 March 2014 includes £8.288m Growing Places Fund grant held on behalf of the Oxfordshire Local Enterprise Partnership (LEP), for which the County Council is the accountable body. It has been assumed that £6.208m of the grant will be paid to successful bidders within the next year and the remainder in later years.

The comparative amounts for 2012/13 are given in the following table:

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13	Capital Grants	Developer Contributions	Other Contributions	Total
	£'000	£'000	£'000	£'000
Short term:				
Balance as at 1 April 2012	6,455	2,848	12	9,315
Received/refunded during the year	1,226	1,686		2,912
Transferred to the Comprehensive Income and Expenditure Statement during the year	-4,391	-5,195		-9,586
Reclassification between short and long term	1,228	2,058	-12	3,274
Balance at 31 March 2013	4,518	1,397	0	5,915
Long term:				
Balance as at 1 April 2012	8,227	20,215	65	28,507
Received/refunded during the year		5,969		5,969
Transferred to the Comprehensive Income and Expenditure Statement during the year	-107	-939		-1,046
Reclassification between short and long term	-1,228	-2,046		-3,274
Balance at 31 March 2013	6,892	23,199	65	30,156
Total at 31 March 2013	11,410	24,596	65	36,071

51. County Fund Balance

The opening and closing balance on the County Fund and the movements during the year are shown in the Movement in Reserves Statement, with details in Note 4.

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52. Earmarked Reserves

Balance at 1 April 2012	Contribution from Reserve	Contribution to Reserve	Balance at 31 March 2013		Balance at 1 April 2013	Contribution from Reserve	Contribution to Reserve	Balance at 31 March 2014
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
29,299	-9,327	6,274	26,246	Local Management of Schools	26,246	-14,294	12,202	24,154
-391	-510	1,890	989	Other Schools Reserves	989	-195	496	1,290
1,864	-142	1,058	2,780	Vehicle and Equipment Reserve	2,780	-727	346	2,399
7,203	-3,710	8,380	11,873	Grants and Contribution Reserve	11,873	-8,124	16,847	20,596
2,175	-1,222	1,181	2,134	ICT Projects	2,134	-1,241	531	1,424
627	-353	753	1,027	CE&F Commercial Services	1,027	-552	514	989
319		233	552	CE&F Joint Use	552		525	1,077
622	-119	276	779	CE&F Joint working with Police	779	-590	83	272
1,861	-1,861	1,418	1,418	CE&F School Intervention Fund	1,418	-1,448	1,146	1,116
204	-10	31	225	CE&F Foster Carer Loans	225	-44	20	201
600	-600	600	600	CE&F Academies Conversion Support	600	-600	619	619
140			140	CE&F School Amalgamations	140	-140		0
158		95	253	CE&F Staff Training and Development	253	-181	30	102
369		481	850	CE&F Early Intervention Service Reserve	850	-532	45	363
0		800	800	CE&F Thriving Families	800		945	1,745
0		195	195	CE&F Children's Social Care	195	-175		20
0	-123	448	325	CE&F Pay Protection Costs	325	-51	8	282
5,434	-4,586	6,621	7,469	S&CS Older People Pooled Budget Reserve	7,469	-5,461	871	2,879
0		1,311	1,311	S&CS Physical Disabilities Pooled Budget Reserve	1,311	-267		1,044

NOTES TO THE CORE FINANCIAL STATEMENTS

Balance at 1 April 2012	Contribution from Reserve	Contribution to Reserve	Balance at 31 March 2013		Balance at 1 April 2013	Contribution from Reserve	Contribution to Reserve	Balance at 31 March 2014
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
804	-1,208	608	204	S&CS Learning Disabilities Pooled Budget Reserve	204	-204	95	95
64	-64		0	S&CS OSJ Client Income Reserve	0			0
23	-23		0	S&CS S117 Reserve	0			0
1,085	-282		803	S&CS Fire Control	803	-407	13	409
193	-50	18	161	S&CS Fire & Rescue & Emergency Planning Reserve	161	-32		129
155	-66		89	S&CS Community Safety Reserve	89	-34	101	156
385			385	EE Highways and Transport Reserve	385			385
413		449	862	EE Area Stewardship	862	-862	137	137
1,990	-2,083	2,325	2,232	EE On Street Car Parking	2,232	-1,461	1,316	2,087
19		1	20	EE Countryside Ascott Park - Historical Trail	20		1	21
60			60	EE Carbon Reduction	60			60
16		4	20	EE SALIX Repayments	20		277	297
102		31	133	EE Oxfordshire Waste Partnership Joint Reserve	133	-76		57
580	-44	168	704	EE Dix Pit Engineering Works & WRC Development	704	-32	167	839
2,007		1,242	3,249	EE Waste Management	3,249	-2,721		528
53	-53		0	EE Capital Salaries transfer	0			0
159		68	227	EE Property Disposal Costs	227	-26		201
0			0	EE Skills Reward	0		102	102
237	-49	117	305	EE Developer Funding (Revenue)	305	-63	168	410
137	-51		86	EE West End Partnership	86	-30		56
1,471	-479	239	1,231	EE Catering Investment Fund	1,231		362	1,593
0		765	765	EE Asset Rationalisation	765	-129		636

NOTES TO THE CORE FINANCIAL STATEMENTS

Balance at 1 April 2012 £'000	Contribution from Reserve £'000	Contribution to Reserve £'000	Balance at 31 March 2013 £'000		Balance at 1 April 2013 £'000	Contribution from Reserve £'000	Contribution to Reserve £'000	Balance at 31 March 2014 £'000
0		191	191	EE Minerals and Waste Project	191	-80		111
2,961	-828	95	2,228	EE OCS Development Reserves	2,228	-1,285	120	1,063
70		80	150	EE Money Management Reserve	150			150
206	-6	41	241	EE Oxfordshire - Buckinghamshire partnership	241	-49	6	198
435	-120		315	EE LABGI Reserve	315	-37		278
771	-1,228	457	0	CEO Change Fund	0			0
163	-163	90	90	CEO Big Society Fund	90	-90	16	16
58			58	CEO CIPFA Trainees	58	-58	58	58
160	-25		135	CEO Change Management & New Ways of Working	135	-135		0
133			133	CEO Coroner's Service	133			133
333		203	536	CEO Council Elections	536	-536		0
553			553	CEO Registration Service	553		122	675
1,170	-74	295	1,391	Cultural Services Reserve	1,391	-96	211	1,506
3,459	-523	1,800	4,736	Insurance Reserve	4,736	-1,307	53	3,482
8,410	-8,410	3,168	3,168	Carry Forward Reserve	3,168	-3,168	1,085	1,085
16,942		1,477	18,419	Capital Reserve	18,419	-147	1,170	19,442
578		981	1,559	Rolling Fund Reserve	1,559		491	2,050
-1	-342	343	0	Financing Capital	0	-177	177	0
4,361	-1,020		3,341	Budget Reserve - 2009/10 to 2013/14	3,341	-3,341		0
0		17,211	17,211	Budget Reserve	17,211		2,182	19,393
10,829	-18,522	11,077	3,384	Efficiency Reserve	3,384	-1,530	2,399	4,253
5,033	-89	1,382	6,326	Prudential Borrowing Reserve	6,326	-96	1,300	7,530
117,061	-58,365	76,971	135,667	Total Earmarked Reserves	135,667	-52,831	47,357	130,193

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 2013		Balance at 31 March 2014	
	No. of schools	Balance £'000	No. of schools	Balance £'000
Primary Schools				
Schools in surplus	226	14,312	199	13,186
Schools in deficit	11	-170	9	-326
Secondary Schools				
Schools in surplus	13	4,325	11	4,042
Schools in deficit	1	-82	1	-31
Special Schools				
Schools in surplus	9	1,234	10	1,533
Schools in deficit	0	0	0	0
Sub-Total Revenue	260	19619	230	18,404
Closed Schools				
Schools Contingency & Schools Forum		6,627		5,750
Total		26,246		24,154

Other School Reserves

These reserves cover a number of miscellaneous education activities, including amounts loaned to individual schools against schools reserves, operating under Fair Funding regulations 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. £11.895m of the balance at 31 March 2014 relates to the Dedicated Schools Grant.

ICT Projects Reserve

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

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) and the Governor Services Reserve, which has been set up to hold any surpluses arising on the service to help the service move towards a self-financing basis in future years.

CE&F Joint Use Reserve

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

CE&F Joint Working with Police Reserve

This reserve is to fund a two-year project due to anticipated increase in referrals. It is planned to be spent in 2014/15.

CE&F School Intervention Fund Reserve

This reserve is for school improvement projects in line with the Education Strategy. It is expected to be used in 2014/15.

CE&F Foster Carer Loans Reserve

Funds set aside to meet potential write-off of Children's Act loans and interest costs in future years.

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 School Amalgamations Reserve

This reserve was set up to meet costs associated with school amalgamations. The balance in the reserve at 31 March 2013 has been transferred into the Academies Conversion Support Reserve.

CE&F Staff Training & Development Reserve

This reserve is for training and staff development towards new ways of working following the restructuring of the Children, Education and Families directorate. It is expected to be spent in 2014/15.

CE&F Early Intervention Service Reserves

These reserves are to fund early intervention projects in future years.

CE&F Thriving Families Reserve

This reserve is to 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 is to be used to meet pay protection costs in the Children, Education and Families directorate.

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

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

S&CS OSJ Client Income Reserve

This reserve was set up to provide for potential client income refunds.

S&CS S117 Reserve

This reserve was set up to meet potential costs relating to S117 reassessments.

S&CS Fire Control Reserve

This reserve has been created to hold funding for the Fire Control project (Oxfordshire/Berkshire/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 Equipment.

S&CS Community Safety Reserves

These reserves have combined some smaller reserves, including the Gypsy & Traveller Service reserve, which is being used for improvements to play areas at the Gypsy & Traveller sites at Redbridge Hollow and Wheatley. The other reserves are to be used for costs of complex investigations, e.g. expert witnesses.

EE Highways and Transport Reserve

This reserve will be used to support bridges investigation work.

EE Area Stewardship Reserve

Funds have been set aside to manage the Area Stewardship Scheme.

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 Countryside, Ascott Park - Historical Trail Reserve

This reserve has been set up to help fund future revenue expenditure.

EE Carbon Reduction Reserve

This reserve is to support any unforeseen costs associated with the Carbon Reduction Commitment scheme.

EE SALIX Energy Schemes Reserve

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

EE Oxfordshire Waste Partnership Joint Reserve

This reserve holds the revenue proportion of the unutilised element of the performance reward grant secured by the Oxfordshire Waste Partnership (OWP).

EE Dix Pit Engineering Works & WRC Development Reserve

These reserves are to meet engineering work at Dix Pit waste management site and development of the Waste Recycling Centres. The level of work required at Dix Pit is dependent on future levels of waste deposited.

EE Waste Management

This reserve has been used to fund liabilities due to the cessation of landfill site contracts and to meet capital costs relating to the waste recycling strategy and energy from waste project. It will be used to fund future initiatives to minimise the use of landfill.

EE Capital Salaries Transfer

This reserve was used to manage reductions in staffing costs charged to the Capital Programme.

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 has been set up to provide funding for job clubs in 2014/15.

EE Developer Funding (Revenue) Reserve

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

EE West End Partnership Reserve

This reserve has been established to ring-fence funding relating to the West End Project.

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 combines the Development Reserve, which is to be used to fund Oxfordshire Customer Services projects and will contribute to achieving the business strategy, and the Customer Service Centre Reserve, which has been established to fund the Customer Service Centre Project.

EE MM Money Management Reserve

This reserve is to be used to meet shortfalls arising when client income received is less than expenditure incurred.

EE Oxfordshire - Buckinghamshire Partnership Reserve

This reserve has been set up to ring-fence funding for the Oxfordshire & Buckinghamshire Partnership graduate teacher training programme.

EE LABGI Reserve

This reserve contains Local Authority Business Growth Incentive funding that has been allocated to support the Local Enterprise Partnership.

CEO Change Fund Reserve

This reserve was held for modernisation and change management projects.

CEO Big Society Fund Reserve

This reserve ring-fences funding for the Big Society Fund.

CEO CIPFA Trainees Reserve

This reserve originally provided funds is to even out the CIPFA trainees costs as pay costs fluctuate according to the qualification level that the current trainees have reached. It will now be used to support training for finance staff more generally.

CEO Change Management and New Ways of Working

This reserve provided funding to support the Change Management and New Ways of Working project.

CEO Coroner's Service

This reserve has been set up to manage the costs of several projects, including the refurbishment of the Coroner's Court and Office and the new Coroner's Court recording system, that will be completed in 2014.

CEO Elections Reserve

This reserve has been established to meet the cost of County Council Elections.

CEO Registration Service

This reserve is for the refurbishment of registrar's buildings and facilities, and for other registration service projects.

Cultural Services Reserves

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

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, Gallagher Heath, 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 2013.

The actuaries projected the standard claims arising in future years in respect of the period up to 31 March 2014 at £1.694m. 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 £1.382m. £0.406m has been included in the reserve to cover MMI clawback (see Note 66).

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	At 31 March 2013 £'000	At 31 March 2014 £'000
Standard claims likely to be received as at 31 March	2,443	1,694
Additional IBNR/Latent claims as assessed by Actuarial review	1,789	1,382
MMI Clawback as assessed by actuarial review	404	406
Risk management initiatives	100	0
Total	4,736	3,482

Carry Forward Reserve

This reserve allows budget managers to carry forward under and over spent budgets between financial years in accordance with the County Council's budget management arrangements, subject to Cabinet approval.

A summary of the carry-forwards for each directorate is as follows:

Directorate	At 31 March 2013 £'000	At 31 March 2014 £'000
Children, Education & Families	187	-72
Social & Community Services	1,779	-513
Environment & Economy	702	997
Chief Executive's Office	500	673
Public Health		0
Total	3,168	1,085

Capital Reserve

This reserve has been established for the purpose of financing capital expenditure in future years.

Rolling Fund Reserve

The Rolling Fund has been established to facilitate, through forward funding, the timely provision of critical infrastructure that supports planned growth.

Financing Capital Reserve

This reserve is used for facilitating capital financing adjustments.

Budget Reserves

The creation of budget reserves was agreed as part of the service and resource planning process. These sums will be available to spend on a one-off basis in future years when there are limited resources available to allocate in the Medium Term Financial Plan and to manage the cash flow implications of variations to the Medium Term Financial Plan.

Efficiency Reserve

This reserve is to help support the implementation of directorate business strategies and the Medium Term Financial Plan.

NOTES TO THE CORE FINANCIAL STATEMENTS

Prudential Borrowing Reserve

This reserve was created as part of the service and resource planning process 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.

53. Useable Capital Receipts

	2012/13 £'000	2013/14 £'000
Balance as at 1 April	9,420	10,617
Net receipts from sale of assets	822	2,961
Net receipts from repayment of loans	375	570
Receipts applied to finance capital expenditure	0	0
Balance as at 31 March	10,617	14,148

This reserve has been established for the purpose of financing capital expenditure in future years. Unutilised capital receipts at 31 March 2014 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
Other receipts from sale of assets under £500,000	2,961
Total	2,961

54. 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.

	2012/13 £'000	2013/14 £'000
Balance as at 1 April	39,830	54,130
Applied during the year	-15,613	-7,697
Recognised as income but not applied during the year	29,913	8,107
Balance as at 31 March	54,130	54,540

55. Unusable Reserves

A breakdown of reserves within the unusable reserves category on the Balance Sheet is set out in the following table.

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	Balance at 31 March 2013 £'000	Balance at 31 March 2014 £'000
Revaluation Reserve	67,179	81,836
Available-for-Sale Financial Instruments Reserve	403	452
Pensions Reserve	-600,983	-666,812
Capital Adjustment Account	676,820	641,790
Financial Instruments Adjustment Account	-389	-317
Collection Fund Adjustment Account	5,087	6,228
Accumulated Absences Account	-6,831	-5,745
Total	141,286	57,432

Movements on the Pensions Reserve are set out in the Retirement Benefits Note 20.

56. 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

2012/13 £'000			2013/14 £'000	
	91,749	Balance as at 1st April		67,179
2,361		Upward revaluation of assets	14,995	
-25,414		Downward revaluation of assets	-4,224	
-3,071		Impairment of assets	-2,981	
11,186		Write back of accumulated depreciation on revaluations	5,292	
2,490		Write back of accumulated impairment on revaluations	2,801	
	-12,448	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		15,883
1,879		Difference between fair value depreciation and historical cost depreciation	2,317	
-14,001		Accumulated gains on assets sold or scrapped	-3,543	
	-12,122	Amounts written off to the Capital Adjustment Account		-1,226
	67,179	Balance as at 31st March		81,836

57. 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

	2012/13 £'000			2013/14 £'000
	868,630	Balance as at 1st April		676,820
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
	-32,279	Charges for depreciation for non-current assets	-30,033	
	-9,540	Charges for impairment for non-current assets	-5,942	
	-14,882	Revaluation losses on Property, Plant and Equipment	-2,335	
	5,053	Reversal of revaluation losses on Property, Plant and Equipment	10,075	
	-729	Amortisation of Intangible Assets	-718	
	-9,362	Revenue expenditure funded from capital under statute	-15,516	
	-212,987	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on derecognition	-73,168	
	163	Removal of finance liability on derecognition of assets held under finance leases		
	-274,563	Adjusting amounts written out of the Revaluation Reserve:		-117,637
	-1,879	Difference between fair value depreciation and historical cost depreciation	-2,317	
	13,986	Accumulated gains on assets sold or scrapped	3,105	
	12,107			788
	606,174	Net written out amount of the cost of non-current assets consumed in the year		559,971
		Capital financing applied in the year:		
	29,892	Capital grants and contributions credited to the CIES that have been applied to capital financing	51,515	
	14,576	Application of grants to capital financing from the Capital Grants Unapplied account	7,256	
	-103	Reversal of grants and contributions applied in previous years		
	19,650	Statutory provision for the financing of capital investment charged against the County Fund balance	18,046	
	6,272	Capital expenditure charged against the County Fund balance	7,209	
		Reversal of revenue applied to capital financing in previous years		
	70,287			84,026
	823	Movements in the market value of Investment Properties debited or credited to the CIES		1,078
		Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition		-555
		Movement in the Donated Asset Account credited to the CIES		
		Revaluation losses on Assets held for Sale		-1,473
		Revaluation gains on Assets held for Sale		
		Impairment losses on Assets held for Sale		
	15	Accumulated gains on Assets held for Sale sold or scrapped		438
	-104	Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition		-1,125
	-375	Repayment of loans treated as capital receipts		-570
	676,820	Balance as at 31 March		641,790

NOTES TO THE CORE FINANCIAL STATEMENTS

58. 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.

2012/13 £'000		2013/14 £'000
-471	Balance as at 1 April	-389
-12	Write-down/write-ups to fair value	-9
94	Effective interest rate adjustments	81
82	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	72
-389	Balance at 31 March	-317

59. 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:

2012/13 £'000		2013/14 £'000
3,866	Balance as at 1 April	5,087
-328	Decrease in Council Tax and Business Rate surpluses/increases in deficits	-238
1,549	Increases in Council Tax and Business Rate surpluses/reductions in deficits	1,379
1,221	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	1,141
5,087	Balance at 31 March	6,228

60. 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The main element of the balance relates to teachers' accumulated holiday pay. The balance has reduced because of the conversion of schools to academies.

2012/13 £'000		2013/14 £'000	
-9,154	Balance at 1 April		-6,831
9,154	Settlement or cancellation of previous year's accrual	6,831	
-6,831	Amount accrued at the end of the current year	-5,745	
2,323	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute		1,086
-6,831	Balance at 31 March		-5,745

61. 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:

	2012/13 £'000	2013/14 £'000
Depreciation/amortisation of fixed assets	-33,008	-30,751
Impairment charges/revaluation losses	-19,369	325
Retirement benefit adjustments	-16,452	-23,209
Impairment allowance for doubtful debts	167	-58
Other financial instrument adjustments	-40	76
Provisions set aside in the year	-2,399	-1,256
Deferred income released	358	993
Movement in value of investment properties	823	1,078
Carrying amount of non-current asset sold	-212,928	-74,848
Transfers from Capital Grants Receipts in Advance	10,632	4,856
Previous years' capitalised spend written-off	-103	0
Increase/decrease(-) in inventories	-146	-23
Increase/decrease(-) in debtors	3,553	8,188
Increase(-)/decrease in creditors	-570	5,314
Total adjustments for non-cash movements	-269,482	-109,315

62. Cash Flow Statement – Operating Activities

The cash flows for operating activities are as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13 £'000		2013/14 £'000	
	Cash outflows		
432,581	Cash paid to and on behalf of employees	393,557	
418,340	Other operating costs	481,033	
850,921			874,590
	Cash inflows		
-288,544	Council Tax receipts	-273,213	
-113,119	Non-domestic rate income	-27,256	
-3,491	Revenue Support Grant	-94,561	
	Business Rates Top-Up Grant	-35,694	
-439,317	Other government grants and contributions	-392,248	
-62,890	Other cash received for goods and services	-67,294	
-907,361			-890,266
	Cash outflows		
18,961	Interest paid	19,847	
1,860	Interest element of finance lease rental payments	2,134	
20,821			21,981
	Cash Inflows		
-2,772	Interest received		-3,148
-38,391	Total operating activities		3,157

Payments on behalf of employees have reduced primarily due to the conversion of schools to academies.

63. Cash Flow Statement – Investing Activities

The table below provides a breakdown of the items within the Investing Activities line of the Cash Flow Statement.

	2012/13 £'000	2013/14 £'000
Purchase of property, plant and equipment, investment property and intangible assets	36,455	47,403
Purchase of short-term and long-term investments	381,100	350,399
Other payments for investing activities	871	558
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-822	-2,961
Capital grants	-58,639	-67,123
Proceeds from short-term and long-term investments	-267,889	-345,950
Other receipts from investing activities	-476	-631
Total investing activities	90,600	-18,305

NOTES TO THE CORE FINANCIAL STATEMENTS

64. Cash Flow Statement – Financing Activities

A breakdown of the items within the Financing Activities line in the Cash Flow Statement is as follows:

	2012/13 £'000	2013/14 £'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	1,041	818
Repayments of short- and long-term borrowing	8,350	11,003
Other payments for financing activities	0	0
Total financing activities	9,391	11,821

65. Analysis of Government Grants

The total cash received for revenue government grants (other than Revenue Support Grant and Business Rates Top-Up Grant) is £361.744m. An analysis is set out in the following table:

Government Grants	2012/13 £'000	2013/14 £'000
Dedicated Schools Grant (Dept for Education)	323,414	289,509
Public Health Grant (Dept of Health)		25,264
Pupil Premium Grant (Dept for Education)	7,628	9,408
Education Services Grant (Dept for Education)		7,673
Sixth Form Funding (Education Funding Agency)	13,405	7,242
Adult Learning (Skills Funding Agency)	3,442	3,627
Severe Weather Recovery Grant - Highways (Dept for Transport)		3,027
New Homes Bonus (Dept for Communities & Local Government)		1,662
Adoption Reform Grant (Dept for Education)		1,612
Local Sustainable Transport Fund Resource Grant (Dept for Transport)		1,338
Troubled Families Grant (Dept for Communities & Local Government)		1,224
PE & Sports Grant (Dept for Education)		1,169
Asylum Seekers (Home Office)	1,278	764
Early Intervention Grant (Dept for Education)	23,482	
Learning Disabilities and Health Reform Grant (Dept of Health)	19,722	
Council Tax Freeze Grant (Dept for Communities & Local Government)	7,113	
Other grants less than £1m	8,480	8,225
Total	407,964	361,744

The Public Health service transferred from the NHS to local government on 1 April 2013 and is funded from a ring-fenced government grant. With the introduction of the Business Rates Retention Scheme in 2013/14 the Early Intervention Grant, Learning Disabilities and Health Reform Grant and Council Tax Freeze Grant were rolled into the general funding baseline. Education Services Grant is a new grant replacing general funding for centrally provided schools' services. Dedicated Schools Grant and Sixth Form Funding have both reduced with the conversion of schools to academies.

66. Contingent Liabilities

Sheltered Housing with Care Schemes

The County Council is providing 27 permanent residential and nursing places, based in Banbury and Faringdon, in conjunction with a Housing Association. The schemes involve the use of County Council land with the Association raising loans to finance development costs. To offer further assistance the County Council has agreed to underwrite the development costs and will become liable for outstanding liabilities previously approved by the County Council should the association cease to operate. In the event of an Association ceasing to operate the County Council would seek to find an alternative Association to take on and operate the scheme and to include outstanding liabilities. The schemes came into operation between 1991 and 1995 and are still with the original Housing Association. The County Council agreed to underwrite around £2.3 million of schemes costing £3.25 million. The total liability outstanding for the year ending 31 March 2014 is £0.478million.

Municipal Mutual Insurance Plc

The County Council has paid an initial levy of £0.449 million relating to the Municipal Mutual PLC scheme of arrangement, for which a provision was created in 2012/13. The provision has been topped up to £0.020 million, representing 15% of the County Council's £0.128 million claims outstanding. A further £0.406 million is held in the Insurance Reserve which, taken together with the provision, represents 28% of the County Council's maximum liability, in line with previous advice from the scheme's actuaries.

The Independent Insurance Company

The County Council has placed its employer's and public liability insurance with the Independent Insurance Company between 1992 and 1994. This company has ceased trading leaving a possibility that the County Council may be exposed to a large claim relating to the period of cover. No significant claims have been received to date. The usual legal principles relating to limitations should apply if any claim is now made against the County Council.

Nettlebed School site

The County Council sold the site some months ago so as to hold the proceeds of sale free from any trust under the School Sites Acts. A claim has been received from the purported beneficiaries which has been rebuffed. Counsel's Advice has been received. If legal proceedings are issued the claim for the proceeds of sale could be £1.35 million. Proceedings were threatened over 12 months ago but still no action has been taken by the claimants to date.

Child Sexual Exploitation

The County Council has received a number of potential claims relating to child sexual exploitation cases following the recent Bullfinch Trial. These are matters currently with the

Council's Insurers and liability has not been admitted. It is not therefore possible to estimate the value of these potential claims nor the timing of any potential payouts at this time.

Employment Contractual Terms

The County Council may receive claims for compensation relating to employment contractual terms, although no claims have yet been received. It is not possible to estimate the total value of potential claims given uncertainties over the size and relevant time period for individual claims.

67. Material Post Balance Sheet Events

Events after the balance sheet date have been considered up until 23 June 2014, when the accounts were authorised for issue.

On the 3 June 2014 the Department for Education notified the County Council of an additional £1.533m Early Years Block element of the Dedicated Schools Grant. The accounts have been amended to reflect this additional grant income. There have been no other significant post balance sheet events requiring amendment to the accounts.

Six schools have converted to academy trusts since 31 March 2014. The value of Property, Plant and Equipment that is expected to transfer to academy trusts during 2014/15 relating to these schools is £24.344m. £0.529m of revenue and capital reserves/balances is also expected to transfer to the academy trusts for these converted schools.

68. 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 2014/15 (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 (2013/14).

The 2014/15 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 2014. The new or revised financial standards adopted are:

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 *Separate Financial Statements* (as amended in 2011)
- IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)
- IAS 32 *Financial Instruments: Presentation*
- *Annual Improvements to IFRS 2009-2011 Cycle*

The main changes to the Code relate to the adoption of the new or amended group accounting standards (IFRS 10 - IAS 28 above). IFRS 10 introduces a new principle of control in determining group relationships. Under IFRS 11, classification of joint arrangements is based on 'rights' and 'obligations' and is not solely determined by the legal form of the arrangement. The changes to the group accounting standards are not considered to have an impact on the County Council's accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

The changes to IAS 32 provide clarification regarding offsetting financial assets and financial liabilities and presenting the net amount in the Balance Sheet. The County Council does not offset financial assets and financial liabilities and therefore this change will have no impact on the financial statements.

The annual improvements to IFRS are minor in nature and are not considered to have any impact on the financial statements.

69. Authorisation of the Accounts

The Statement of Accounts was authorised for issue on 23 June 2014 by Lorna Baxter, Chief Finance Officer. Events after the balance sheet date have been considered up to this time.

TRUST FUNDS

70. 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.

		2012/13	2013/14	
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	114	1	108
	Oxford Boys	22	1	23
	Criminal Injuries Compensation Awards	21	4	21
	Other (under £10,000)	10	6	10
Chief Executive's Office	Bequest of Property at Watlington	87	1	87
Total		254	13	249

		2012/13	2013/14	
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	3,231	3	3,247
	Other (under £10,000)	1	1	1
	Junior Citizens Trust	6	1	6
Total		3,238	5	3,254

		2012/13	2013/14	
Other Funds		Value of Fund £'000	No. of Funds	Value of Fund £'000
Children, Education & Families Social & Community Services	Thomas Gifford Charity	351	1	353
	City Lectureship Scholarship	17	1	17
	Other (under £10,000)	32	13	31
	Other (under £10,000)	9	1	9
Total		409	16	410

THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS: FUND ACCOUNT

Fund Account for the Year Ended 31 March 2014			
	Notes	2013	2014
		£'000	£'000
Contributions and Benefits			
Contributions Receivable	7	-78,406	-80,620
Transfers from Other Schemes	8	-5,769	-5,211
Other Income	9	-528	-476
Income Sub Total		-84,703	-86,307
Benefits Payable	10	65,846	70,139
Payments to and on Account of Leavers	11	4,215	4,384
Administrative Expenses Borne by the Scheme	12	1,406	1,411
Expenditure Sub Total		71,467	75,934
Net Additions from dealings with members		-13,236	-10,373
Returns on Investments			
Investment Income	13	-17,850	-23,288
Commission Recapture		-1	-1
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	17a	-175,818	-77,626
Less Investment Management Expenses	14	3,064	3,669
Less Taxes on Income	13	87	156
Net returns on Investments		-190,518	-97,090
Net Increase in the Net Assets Available for Benefits During the Year		-203,754	-107,463
Opening Net Assets of the Scheme		1,319,994	1,523,748
Closing Net Assets of the Scheme		1,523,748	1,631,211

£0.032m has been reclassified between Administrative Expenses Borne by the Scheme and Investment Management Expenses for the year ended 31 March 2013. Further details are included in note 12.

THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS: NET ASSETS

Net Assets as at 31 March 2014			
	Notes	2013 £'000	2014 £'000
Investment Assets			
Fixed Interest Securities	17b	65,628	74,957
Index Linked Securities	17b	77,416	80,201
Equities	17b	455,489	498,744
Pooled Investments	17b	676,896	703,652
Pooled Property Investments	17b	86,589	97,287
Private Equity	17b	90,881	91,435
Derivative Contracts	17c	813	100
Cash Deposits	17d	8,995	10,285
Other Investment Balances	17d	4,247	5,593
Investment Liabilities			
Derivative Contracts	17c	-55	-111
Other Investment Balances	17d	-5,742	-2,288
Total Investments		1,461,157	1,559,855
Assets and Liabilities			
Current Assets	18	50,966	58,816
Current Liabilities	19	-2,505	-1,701
Net Current Assets		48,461	57,115
Long-Term Assets	20	14,130	14,241
Net Assets of the scheme available to fund benefits at year end		1,523,748	1,631,211

Note 1 – Description of the fund

This description of the fund is a summary only. Further details are available in the Fund's 2013/14 Annual Report and in the underlying statutes.

General

The Oxfordshire County Council Local Government Pension Fund is a statutory, funded final salary 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 is principally governed by the Superannuation Act 1972. The fund is administered in accordance with Local Government Pension Scheme Regulations. 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.

This defined benefit scheme provides benefits related to salary for its members. Pensions paid to retired employees, their dependents, 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

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 in certain circumstances. Typically this will 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.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

The table below details the composition of the Fund's membership:

	As at 31 March 2013	As at 31 March 2014
Number of Contributory Employees in Scheme		
Oxfordshire County Council	12,070	11,434
Other Scheduled Bodies	6,657	7,956
Admitted Bodies	1,235	1,193
	19,962	20,583
Number of Pensioners and Dependants		
Oxfordshire County Council	7,219	7,556
Other Scheduled Bodies	4,395	4,635
Admitted Bodies	636	713
	12,250	12,904
Deferred Pensioners		
Oxfordshire County Council	12,721	13,076
Other Scheduled Bodies	5,512	6,164
Admitted Bodies	810	871
	19,043	20,111

Thirteen Scheduled Bodies, of which eleven are Academies and two are Parish Councils, plus eleven Admitted Bodies joined the scheme in 2013/14. There was no significant impact on the membership of the scheme because the majority of the new bodies are Academies, whose members were previously in the scheme as County Council employees. Scheme membership of other new bodies is 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 2014 rates ranged from 5.5% to 7.5% of whole time equivalent pensionable earnings.

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 1 April 2014.

Benefits

The benefits payable under the Scheme are laid down by the Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 and are summarised in the following table. Pension payments are guaranteed and any shortfall is met through the Pension Fund through employer contribution rates set by the fund valuation. The Scheme is a 'final salary' scheme and provides a pension as a proportion of final salary according to the length of service.

The scheme also provides a range of other benefits including early retirement, disability pensions and death benefits.

Benefits are index-linked in order to keep pace with inflation. The Government announced in June 2010 that the basis of indexation would change from the retail prices index to the consumer prices index. This change took effect from 1 April 2011.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

	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 $3 \times$ salary. 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.

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 2013/14.

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 24.

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 160.

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 2014.
 - (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 2014.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

- (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 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.

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 at his triennial valuations of the Fund's assets and liabilities determines the employers' rate for contributions. 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.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

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 which are accrued in line with the associated investment income. 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 2014.

Investment Management and Scheme Administration

6. A proportion of relevant County Council officers' salaries, including salary oncosts, 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 for a fixed period and has been placed as such as an investment decision has been included under cash deposits.

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 2014 was £51.602m (£45.497m at 31 March 2013).

Pension Fund Liability

The pension fund liability is calculated every three years by the funds 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 28. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

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 uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:-

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 £2,479m. There is a risk that this figure is under, or overstated in note 30 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 £51.602m. There is a risk these investments are under, or overstated in the accounts.
Fund of Funds Hedge Funds	Fund of Funds Hedge Fund investments are valued based on the sum of the fair values provided by the administrators of the underlying funds, plus adjustments that directors of the fund of funds deem appropriate. As these investments are not publicly listed there is a degree of estimation involved in the valuation.	The total value for Fund of Funds Hedge Funds included in the financial statements is £35.397m. There is a risk that these investments could be under, or overstated in the accounts.

Note 6 – Events After the Balance Sheet Date

There have been no events since 31 March 2014, up to the date when these accounts were signed, which require any adjustments to these accounts.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 7 – Contributions

	2012/13 £'000	2013/14 £'000
Employers		
Normal	-41,381	-43,131
Augmentation	0	-18
Deficit Funding	-16,523	-17,216
Costs of Early Retirement	-1,831	-825
	-59,735	-61,190
Members		
Normal	-18,321	-19,047
Additional *	-350	-383
	-18,671	-19,430
Total	-78,406	-80,620

Deficit funding contributions are being paid by the employers into the scheme in accordance with a 25 year recovery plan, with the exception of one employer who has a 12 year recovery plan.

*Local Government Scheme Additional Employees contributions are invested within the Fund, unlike AVCs which are held separately, as disclosed in Note 24.

	Employer Contributions		Members Contributions	
	2012/13	2013/14	2012/13	2013/14
	£'000	£'000	£'000	£'000
Oxfordshire County Council	-31,967	-30,690	-9,819	-9,552
Scheduled Bodies	-22,845	-26,016	-7,483	-8,521
Resolution Bodies	-607	-595	-198	-211
Community Admission Bodies	-3,087	-2,334	-790	-695
Transferee Admission Bodies	-1,229	-1,555	-381	-451
Total	-59,735	-61,190	-18,671	-19,430

Note 8 – Transfers In

	2012/13 £'000	2013/14 £'000
Individual Transfers In from other schemes	-5,769	-5,211
Total	-5,769	-5,211

Note 9 – Other Income and Expenses

Other Income for 2013/14 of £0.476m reflects the interest resulting from the unwinding of the discount for the long-term receivable recognised for transfers to Magistrates' Courts.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 10 – Benefits

	2012/13 £'000	2013/14 £'000
Pensions Payable	52,673	55,992
Lump Sums – Retirement Grants	11,593	13,124
Lump Sums – Death Grants	1,580	1,023
Total	65,846	70,139

	Pensions Payable		Lump Sums	
	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000
Oxfordshire County Council	26,281	27,833	7,045	6,685
Scheduled Bodies	23,577	24,900	4,653	5,779
Resolution Bodies	430	474	56	199
Community Admission Bodies	1,742	1,988	831	880
Transferee Admission Bodies	643	797	588	604
Total	52,673	55,992	13,173	14,147

Note 11 – Payment to and on account of leavers

	2012/13 £'000	2013/14 £'000
Refunds of Contributions	6	5
Payments for members joining state scheme	-5	-4
Individual Transfers Out to other schemes	4,214	4,383
Total	4,215	4,384

Note 12 – Administrative Expenses

	2012/13 £'000	2013/14 £'000
Employee Costs		
- Administrative	742	727
- Investment	183	142
Support Services Including ICT	235	257
Actuarial Fees	17	68
External Audit Fees	48	21
Internal Audit Fees	14	14
Printing & Stationary	34	33
Advisory & Consultancy Fees	65	28
Other	68	121
Total	1,406	1,411

A number of administrative expenses have been reclassified for 2012/13 following a review of the most appropriate categories for different expenditure items. This includes a net £0.032m that has been reclassified to Investment Management Expenses as detailed in Note 14. The following changes have resulted from the reclassifications: Administrative Employee Costs have increased by £0.045m, Investment Employee Costs have increased by £0.005m, Support Services Including ICT has increased by £0.168m, Advisory &

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Consultancy Fees have increased by £0.015m and Other Expenses have reduced by £0.265m.

Note 13 – Investment Income

	2012/13 £'000	2013/14 £'000
Fixed Interest Securities	-2,071	-2,194
Index Linked Securities	-1,593	-1,473
Equity Dividends	-10,030	-14,674
Pooled Property Investments	-2,976	-2,767
Pooled Investments – Unit Trusts & Other Managed Funds	0	-613
Interest on Cash Deposits	-287	-219
Private Equity Income	-861	-1,333
Other – Securities Lending	-32	-15
	-17,850	-23,288
Irrecoverable Withholding Tax - Equities	87	156
Total	-17,763	-23,132

Note 14 – Investment Management Expenses

	2012/13 £'000	2013/14 £'000
Management Fees	2,858	3,543
Custody Fees	77	77
Performance Monitoring Service	13	18
Other	116	31
Total	3,064	3,669

For 2012/13 £0.032m has been reclassified as Investment Management Expenses from Administrative Expenses. This has resulted in a £0.001m increase in Custody Fees and a £0.031m increase in Other Expenses.

Investment Manager & Custody Fees are mostly calculated on a fixed sliding scale basis and are applied to the market value of the assets managed.

Note 15 – Securities Lending

In April 2004 the Fund introduced an arrangement with its custodian BNY Mellon to lend eligible securities from within its portfolio of stocks 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 £0.015m in 2013/14 (2012/13 £0.032m). This is included within investment income in the Pension Fund Accounts. At 31 March 2014 there was no stock on loan as a new Custodian was appointed in the year and a stock lending programme was not in place at the year end.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 16 – Related Party Transactions

The Pension Fund is required to disclose material transactions with related parties – 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. At the start of 2013/14, the Committee consisted of seven County Councillors, two District Councillors and a beneficiary observer. Following elections the Committee membership changed and the number of County Councillors was increased to nine. 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:

	2012/13 £'000	2013/14 £'000
Short Term Benefits	47*	48*
Long Term/Post Retirement Benefits	9	9
Total	56	57

* Includes allowance paid to Chairman of 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 2014, employer contributions to the Pension Fund from the County Council were £30.690m (2012/13 £31.967m). At 31 March 2014 there were receivables in respect of contributions due from the County Council of £2.378m and payables due to the County Council of £0.058m for support services.

The County Council was reimbursed £ 0.960m (2012/13 £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 17 – Investments

	Value at 31 March 2013 £'000	Value at 31 March 2014 £'000
Investment Assets		
Fixed Interest Securities	65,628	74,957
Index Linked Securities	77,416	80,201
Equities	455,489	498,744
Pooled Investments	676,896	703,652
Pooled Property Investments	86,589	97,287
Private Equity	90,881	91,435
Derivatives:		
- Forward Currency Contracts	813	100
Cash Deposits	8,995	10,285
Investment Income Due	2,961	3,233
Amounts Receivable for Sales	1,286	2,360
Total Investment Assets	1,466,954	1,562,254
Investment Liabilities		
Derivatives:		
- Forward Currency Contracts	-55	-111
Investment Expenses Due	-1,111	-1,143
Amounts Payable for Purchases	-4,631	-1,145
Total Investment Liabilities	-5,797	-2,399
Net Investment Assets	1,461,157	1,559,855

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 17a – Reconciliation of Movements in Investments and Derivatives

	Value at 1 April 2013	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31 March 2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	65,628	90,327	-76,142	-4,856			74,957
Index Linked Securities	77,416	19,715	-12,189	-4,741			80,201
Equities	455,489	120,363	-101,771	24,663			498,744
Pooled Investments	676,896	19,036	-39,046	46,766			703,652
Pooled Property Investments	86,589	9,370	-6,068	7,396			97,287
Private Equity	90,881	43	-5,199	5,710			91,435
<u>Derivative Contracts</u>							
FX	758	178,181	-183,149	4,199			-11
<u>Other Investment Balances</u>							
Cash Deposits	8,995	34,889	-41,793	-1,510	9,704		10,285
Amounts Receivable for Sales of Investments	1,286					1,074	2,360
Investment Income Due	2,961					272	3,233
Amounts Payable for Purchases of Investments	-5,742					3,454	-2,288
Total	1,461,157	471,924	465,357	77,627	9,704	4,800	1,559,855

Included within the above purchases and sales figures are transaction costs of £0.433m. 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 2012	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Interest Securities	142,416	90,494	-169,110	1,828			65,628
Index Linked Securities	68,246	51,302	-48,597	6,465			77,416
Equities	231,167	217,227	-58,568	65,663			455,489
Pooled Investments	652,936	267,180	-324,129	80,909			676,896
Pooled Property Investments	78,731	10,145	-1,537	-750			86,589
Private Equity	72,736	2,860	-6,249	21,534			90,881
<u>Derivative Contracts</u>							
<u>Futures</u>							
FX	912	4,360	-4,815	301			758
<u>Other Investment Balances</u>							
Cash Deposits	3,172	40,019	-35,619	-132	1,555		8,995
Amounts Receivable for Sales of Investments	6,710					-5,424	1,286
Investment Income Due	3,977					-1,016	2,961
Amounts Payable for Purchases of Investments	-3,215					-2,527	-5,742
Total	1,257,788	683,587	-648,624	175,818	1,555	-8,967	1,461,157

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 17b – Analysis of Investments (Excluding Derivative Contracts)

Fixed Interest Securities

	2012/13 £'000	2013/14 £'000
UK Public Sector	33,327	39,387
UK Other	3,570	3,731
Overseas Public Sector	28,731	31,839
Total	65,628	74,957

Index Linked Securities

	2012/13 £'000	2013/14 £'000
UK Public Sector Index Linked	77,416	80,201
Total	77,416	80,201

Equity Investments

	2012/13 £'000	2013/14 £'000
UK listed equities	290,833	334,584
Overseas Listed Equities:		
North America	91,275	92,574
Japan	14,503	19,035
Europe	30,329	30,752
Pacific Basin	4,552	0
Emerging Markets	23,997	21,799
Total	455,489	498,744

Pooled Investment Vehicles

	2012/13 £'000	2013/14 £'000
UK Registered Managed Funds – Property	18,250	20,045
Non UK Registered Managed Funds – Property	18,023	23,867
UK Registered Managed Funds – Other	391,229	393,933
Non UK Registered Managed Funds – Other	96,581	104,364
UK Registered Property Unit Trusts	45,100	48,269
Non UK Registered Property Unit Trusts	5,216	5,107
Non UK Registered Unit Linked Insurance Fund	189,085	205,354
Total	763,484	800,939

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Private Equity

	2012/13 £'000	2013/14 £'000
Listed Investments	90,872	91,435
Unlisted Investments	9	0
Total	90,881	91,435

Total Investments (excluding derivative contracts)

	2012/13 £'000	2013/14 £'000
	1,452,898	1,546,276

Note 17c – Derivative Contracts

Objectives and policies

The Pension Fund Committee have authorised the use of derivatives by their Investment Managers as part of their 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.

Hedge Funds

IFRS accounting requires that the Fund discloses information on fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Fund has exposure to such hedges through its £35.397m investment in a Fund of Funds Hedge Fund. As the Fund has no direct ownership in these hedge arrangements, with all decisions made by the Fund Managers rather than the Oxfordshire Pension Fund, the hedge disclosure requirements are deemed not to apply.

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 At year end £'000	Liability value at year end £'000	Net Forward currency Contracts £'000
		'000	'000			
Forward OTC	1 month	105 GBP	195 AUD		-3	
Forward OTC	1 month	12,131 GBP	20,230 USD		-4	
Forward OTC	1 month	6,768 GBP	1,155,000 JPY	42		
Forward OTC	1 month	368 GBP	680 CAD		-2	
Forward OTC	1 month	16,401 GBP	19,900 EUR		-50	
Forward OTC	3 months	108 GBP	195 AUD			
Forward OTC	3 months	16,500 GBP	19,900 EUR	39		
Forward OTC	3 months	370 GBP	680 CAD		-1	
Forward OTC	3 months	12,162 GBP	20,230 USD	19		
Forward OTC	3 months	6,729 GBP	1,155,000 JPY		-6	
Forward OTC	6 months	1,509 GBP	1,829 EUR		-45	
Forward Currency Contracts at 31 March 2014				100	-111	-11
Prior Year Comparative						
Forward Currency contracts at 31 March 2013				813	-55	758

Note 17d – Other Investment Balances

	2012/13 £'000	2013/14 £'000
<u>Receivables</u>		
Sale of Investments	1,286	2,360
Dividend & Interest Accrued	2,810	3,182
Inland Revenue	144	51
Other	7	0
	4,247	5,593
<u>Payables</u>		
Purchase of Investments	-4,631	-1,146
Management Fees	-1,077	-1,104
Custodian Fees	-34	-38
	-5,742	-2,288
Total	-1,495	3,305

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Cash Deposits

	2012/13 £'000	2013/14 £'000
Non-Sterling Cash Deposits	8,995	10,285
Total	8,995	10,285

The following investments represent more than 5% of the net assets of the scheme

	2012/13 £'000	% of Total Fund	2013/14 £'000	% of Total Fund
UBS Global Optimal Thirds	189,086	12.41	205,354	12.59
L&G UK FTSE100 Equity Index	151,058	9.91	145,112	8.90
L&G World (ex-UK) Equity Index	128,102	8.41	137,950	8.46
L&G Core Plus Bond Fund	92,649	6.08	96,388	5.91

Note 18 – Current Assets

2013/14	Central Gov't Bodies £'000	Local Authorities £'000	NHS Bodies £'000	Public Corporations & Trading Funds £'000	Other £'000	Total £'000
Receivables:						
Employer Contributions	2,695	3,435	19		1,440	7,589
Employee Contributions	161	1,119	6		333	1,619
Transferred Benefits		94			74	168
Costs of Early Retirement	11	515		2	287	815
Inland Revenue	146					146
Other	41	100		12	42	195
Cash Balances					48,284	48,284
Total	3,054	5,263	25	14	50,460	58,816

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

2012/13	Central Gov't Bodies	Local Authorities	NHS Bodies	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Receivables:						
Employer Contributions	2,470	3,263	20	0	1,189	6,942
Employee Contributions	113	1,066	6	0	311	1,496
Transferred Benefits	0	428	0	0	114	542
Costs of Early Retirement	6	788	0	0	412	1,206
Inland Revenue	21	0	0	0	0	21
Other	46	139	0	3	118	306
Cash Balances	0	0	0	0	40,453	40,453
Total	2,656	5,684	26	3	42,597	50,966

Note 19 – Current Liabilities

2013/14	Central Government Bodies	Local Authorities	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000
Transferred Benefits	-7	-166	0	0	-173
Benefits Payable	-11	-169	0	-20	-200
Inland Revenue	-829	0	0	0	-829
Costs of Early Retirement	-391	0	0	0	-391
Staff Costs	0	-58	0	0	-58
Consultancy	0	0	0	-25	-25
Other	-3	-6	0	-16	-25
Total	-1,241	-399	0	-61	-1,701

2012/13	Central Government Bodies	Local Authorities	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000
Transferred Benefits	0	-850	0	-509	-1,359
Benefits Payable	-6	-60	0	-28	-94
Inland Revenue	-736	0	0	0	-736
Costs of Early Retirement	-201	0	0	0	-201
Staff Costs	0	-70	0	0	-70
Consultancy	0	0	0	-4	-4
Other	-1	-5	0	-35	-41
Total	-944	-985	0	-576	-2,505

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 20 – Long-Term Assets

2013/14	Central Government Bodies	Local Authorities	NHS Bodies	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Employer Contributions	13,558	0	0	0	31	13,589
Costs of Early Retirement	31	335	0	0	286	652
Total	13,589	335	0	0	317	14,241

2012/13	Central Government Bodies	Local Authorities	NHS Bodies	Public Corporations & Trading Funds	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Employer Contributions	13,148	0	0	0	0	13,148
Costs of Early Retirement	13	599	0	0	370	982
Total	13,161	599	0	0	370	14,130

Long-Term assets for 2013/14 include deferred receivables in relation to the transfer of staff to Magistrates' Courts for which the 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 21 - Assets under External Management

The market value of assets under external fund management amounted to £1,475.228m as at 31 March 2014. The table below gives a breakdown of this sum:

	2012/13		2013/14	
	Market Value £'000	%	Market Value £'000	%
Baillie Gifford	304,811	22.67	337,925	22.91
Legal & General	521,324	38.77	538,164	36.48
UBS	286,281	21.29	345,966	23.45
Wellington	180,813	13.45	190,821	12.93
Adams Street Partners	18,166	1.35	21,496	1.46
Partners Group	33,260	2.47	40,856	2.77
Total	1,344,655	100.00	1,475,228	100.00

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 22 – Top 5 Holdings

Value of the Fund's Top Five Holdings	£'000	% of Fund
Electra Investment Trust	26,441	1.62
HG Capital Trust	20,326	1.25
British American Tobacco	15,567	0.95
BG Group Plc	14,743	0.90
Ashtead Group Plc	12,577	0.77

Note 23 – 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. However, the Scheme cannot reclaim certain amounts of withholding taxes relating to overseas investment income which are suffered in the country of origin.

Note 24 – Additional Voluntary Contributions

	Market Value 31 March 2014 £'000	Market Value 31 March 2013 £'000
Prudential	14,077	14,534

AVC contributions of £1.554m were paid directly to Prudential during the year (2012/13 - £1.671m).

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 25 – 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. 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 10 years, though the maximum payment has been calculated as approximately £0.2m plus pensions increase.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

As at 31 March 2014 the fund had outstanding capital commitments (investments) totalling £57.783m (31 March 2013 - £59.970m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity 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 26 – 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 27 - Actuarial Present Value of Promised Retirement Benefits

	2013 £'000	2014 £'000
Present Value of Funded Obligation	2,304,966	2,478,689

Present Value of Funded Obligation consists of £2,202.628m (2013 – £1,833.996m) in respect of Vested Obligation and £276.061m (2013 – £470.970m) in respect of Non-Vested Obligation. The movement from March 2013 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 £126.304m (2013 - £114.361m).

There has been a further increase in the present value of the Funded Obligation of £47.419m (2013 - £106.762m) reflecting a change in the actuarial assumptions as a consequence of changes in the financial markets. The key changes in financial assumptions were:

- An increase in the assumed level of CPI and therefore pension increase from 2.6% to 2.8% (net effect an increase in Present Value of Funded Obligation)
- A reduction in the assumed level of pay increases from 4.8% to 4.6% (net effect a reduction in Present Value of Funded Obligations)
- A reduction in the discount factor from 4.5% to 4.4% (net effect an increase in Present Value of Funded Obligations).

Note 28 - Financial Instruments

Note 28a – 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

	2012/13			2013/14		
	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	65,628			74,957		
Index Linked Securities	77,416			80,201		
Equities	455,489			498,744		
Pooled Investments	676,896			703,652		
Pooled Property Investments	86,589			97,287		
Private Equity	90,881			91,435		
Derivatives	813			100		
Cash		49,448			58,569	
Other Investment Balances	4,103			5,542		
Receivables		65			30	
	1,457,815	49,513	0	1,551,918	58,599	0
Financial Liabilities						
Derivatives	-55			-111		
Other Investment Balances	-5,742			-2,288		
Payables			-108			-101
	-5,797	0	-108	-2,399	0	-101
Total	1,452,018	49,513	-108	1,549,519	58,599	-101

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 28b – Fair Value of Financial Instruments and Liabilities

The carrying values of the financial assets and liabilities compared with their fair values are summarised below by instrument class.

	2013		2014	
	Carrying Value £'000	Fair Value £'000	Carrying Value £'000	Fair Value £'000
Financial Assets - Current				
Loans & Receivables	49,513	49,513	58,599	58,599
Financial Assets at fair value through profit or loss	1,404,114	1,404,114	1,486,804	1,486,804
	1,453,627	1,453,627	1,545,403	1,545,403
Financial Assets – Long Term				
Financial Assets at fair value through profit or loss	53,701	53,701	65,114	65,114
Financial Liabilities – Current				
Amortised Cost	-108	-108	-101	-101
Financial Liabilities at fair value through profit or loss	-5,797	-5,797	-2,399	-2,399
	-5,905	-5,905	-2,500	-2,500
Total	1,501,423	1,501,423	1,608,017	1,608,017

The Fair Value of operational debtors and creditors, cash and short-term deposits, is assumed to be equal to the carrying value.

Note 28c – Net Gains and Losses on Financial Instruments

	31 March 2013 £'000	31 March 2014 £'000
Financial Assets		
Fair Value through Profit and Loss	175,650	74,938
Loans and Receivables	-132	-1,510
Financial Liabilities		
Fair Value through Profit and Loss	301	4,199
Financial Liabilities Measured at Amortised Cost	0	0
Total	175,819	77,627

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Note 28d – 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.

Value at 31 March 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	670,974	772,132	108,812	1,551,918
Loans and Receivables	58,599	0	0	58,599
Total Financial Assets	729,573	772,132	108,812	1,610,517
Financial Liabilities				
Financial Liabilities at Fair Value through Profit and Loss	-2,288	-111	0	-2,399
Financial Liabilities at Amortised Cost	-101	0	0	-101
Total Financial Liabilities	-2,389	-111	0	-2,500
Net Financial Assets	727,184	772,021	108,812	1,608,017

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Value at 31 March 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Financial Assets at Fair Value through Profit and Loss	617,520	749,787	93,862	1,461,169
Loans and Receivables	21,190	24,968	0	46,158
Total Financial Assets	638,710	774,755	93,862	1,507,327
Financial Liabilities				
Financial Liabilities at Fair Value through Profit and Loss	-5,742	-55	0	-5,797
Financial Liabilities at Amortised Cost	-108	0	0	-108
Total Financial Liabilities	-5,850	-55	0	-5,905
Net Financial Assets	632,860	774,700	93,862	1,501,422

Note 29 - 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 2010 Valuation estimated that the current Funding Level is only 79%, but set contribution rates to address the deficit over the next 25 years.
- 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.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

- 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 groups, 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. The new scheme that will take effect from 1 April 2014 will link normal retirement age to future estimates of life expectancy to bring stability to the length of time benefits are in payment, move the calculation of benefits to career average revalued earnings to avoid the sudden hike possible in final benefits under a final salary scheme, and switch the basis of indexation to CPI.

The Actuary when completing the 2010 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 79% down to 73% or up to 85%. A change in mortality rates of 10% per annum would lead to a reduction in the funding level to 77% or an increase to 81%.

In terms of the investment in the various Financial Instruments open to the Pension Fund, the Fund is exposed to the following 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 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

In terms of the Pension Fund, the credit risk is largely associated in terms of the Fund's investments in Fixed Interest and Index Linked Securities, Cash Deposits and Short Term loans, where the risk is that the other parties fail to meet the interest payment or to return the Fund's investment at the end of the investment period.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

At 31 March 2014 the Fund's exposure to credit risk was therefore limited to the following investments:

Investment Category	31 March 2013	31 March 2014
	£'000	£'000
UK Government Gilts	33,328	39,388
UK Corporate Bonds	96,219	100,119
UK Index Linked Gilts	77,416	80,201
Overseas Government Bonds	28,731	31,839
Non-Sterling Cash Deposits	8,995	10,285
Cash Balances	40,453	48,284
Total	285,142	310,116

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 in sub-investment grade bonds. Cash held in Sterling at 31 March 2014 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance as at 31 March 2013	Rating	Balance as at 31 March 2014
		£'000		£'000
Money Market Funds				
Deutsche Managed Sterling Fund	AAA	21,324		0
Ignis Asset Management	AAA	0	AAA	12,450
Bank Deposit Accounts				
Royal Bank of Scotland Plc	A	8,773	A	3
Euroclear Bank S.A.	AA+	876		0
Santander UK Plc	A	501	A	4
Bank Current Accounts				
Lloyds TSB Plc	A	8,979	A	6,098
BNP Paribas		0	A+	29,729
Total		40,453		48,284

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 2013/14 the Pension Fund received/accrued contributions of £86.3m (2012/13 - £84.7m) and paid out benefits of £75.9m (2012/13 - £71.5m). There were further receipts/accruals of £23.3m (2012/13 - £17.9m) in respect of investment income, against

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

which need to be set investment management fees of £3.7m (2012/13 - £3.0m) and taxes of £0.2m (2012/13 - £0.1m). The net inflow was therefore £29.8m (2012/13 - £28.0m).

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.

For the Fund to be required to liquidate assets at financial loss would therefore require 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.

There are risks in this area going forward as a result of the scale of the reductions in public expenditure, and the forthcoming changes to the local government pension scheme. 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.

The risks associated with the reform of the LGPS are largely in respect of the contributions receivable (benefits in payment are unlikely to be significantly impacted in the short term, and are likely to reduce in the longer term). These risks are seen to have reduced in light of the confirmed structure of the new scheme. The fact that no staff on salaries below £43,000 will see an increase in their contribution rate has reduced the risk of widespread opt out, though the risk still remains. Similarly, confirmation of the retention of the Fair Deal provisions reduces the sudden loss of significant contributions on the outsourcing of services, though this remains a longer term risk to the on-going liquidity of the Fund. The new element of risk introduced by the proposals relates to the introduction of an option to pay 50% of your contribution for 50% of your future benefits. If this option sees a significant take up, this will impact on current contributions received.

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 in the region of 50% or an increase in benefits payable in the region of 70%. Movements of this scale are deemed highly unlikely. The Pension Fund will seek to mitigate these risks through advice to the Government on the impact of any proposals for change, as well as 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 Pension Fund are done so on a long term basis. Subject to the liquidity risk above, it is

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

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, and 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 2014	Change in Year in the Net Assets Available to Pay Benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	10,285	103	-103
Cash Balances	48,284	483	-483
Fixed Interest Securities	251,546	2,515	-2,515
Total Change in Assets Available	310,115	3,101	-3,101

Asset Type	Carrying Amount as at 31 March 2013	Change in Year in the Net Assets Available to Pay Benefits	
		+1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	8,995	90	-90
Cash Balances	40,453	405	-405
Fixed Interest Securities	235,694	2,357	-2,357
Total Change in Assets Available	285,142	2,852	-2,852

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.

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

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 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 17c).

Based on the Fund's exposure to various currencies at 31 March 2014 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 7.6%. 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 7.6% 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 2014	Change in Year in the Net Assets Available to Pay Benefits	
		+7.6%	-7.6%
	£'000	£'000	£'000
Overseas Equities	164,160	176,571	151,749
Pooled Overseas Equities	360,670	387,938	333,403
Private Equity	4,993	5,370	4,615
Pooled Private Equity (LLPs)	48,840	52,533	45,148
Pooled Property	28,974	31,164	26,783
Cash	10,285	11,062	9,507
Total Change in Assets Available	617,922	664,638	571,205

Currency Exposure - Asset Type	Asset Values as at 31 March 2013	Change in Year in the Net Assets Available to Pay Benefits	
		+5.8%	-5.8%
	£'000	£'000	£'000
Overseas Equities	164,656	9,483	-9,483
Pooled Overseas Equities	335,438	19,318	-19,318
Private Equity	6,035	348	-348
Pooled Private Equity (LLPs)	43,222	2,489	-2,489
Pooled Property	23,239	1,338	-1,338
Cash	8,995	518	-518
Total Change in Assets Available	581,585	33,494	-33,494

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

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.

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 2014 £'000	Percentage Change %	Value Increase £'000	Value Decrease £'000
UK Equities	456,493	11.6	509,218	403,768
Pooled UK Equities (Small Cap)	14,483	8.3	15,680	13,285
Global Equities	187,362	9.7	205,461	169,263
Emerging Markets Equities	17,365	13	19,626	15,104
Pooled Overseas Equities	205,354	11.4	228,847	181,862
Pooled World Equities	137,951	9.4	150,918	124,983
UK Bonds	43,119	5.1	45,331	40,907
Overseas Bonds	31,839	6.0	33,746	29,932
UK Index Linked Bonds	80,201	9.3	87,620	72,782
Pooled Corporate Bonds	96,388	4.6	100,816	91,960
Pooled Hedge Funds	35,397	2.8	36,381	34,413
Private Equity	91,435	8.3	98,997	83,873
Pooled Private Equity (LLPs)	51,602	8.3	55,870	47,335
Pooled Property	97,287	2.5	99,720	94,855
Cash	58,569	0.0	58,569	58,569
Total Assets Available to Pay Benefits	1,604,845	8.8	1,746,800	1,462,891

NOTES TO THE LOCAL GOVERNMENT PENSION FUND ACCOUNTS

Asset Type	Value as at 31 March 2013 £'000	Percentage Change %	Value Increase £'000	Value Decrease £'000
UK Equities	461,312	12.8	520,314	402,310
Pooled Overseas Equities	500,094	14.9	574,558	425,630
UK Bonds	129,547	4.4	135,234	123,860
Overseas Bonds	28,731	2.4	29,432	28,030
UK Index Linked Bonds	77,416	8.4	83,950	70,883
Pooled Hedge Funds	32,842	2.8	33,775	31,910
Private Equity	90,881	13.7	103,313	78,448
Pooled Private Equity (LLPs)	45,488	8.4	49,291	41,685
Pooled Property	86,589	1.6	88,009	85,168
Cash	49,448	0.0	49,458	49,438
Total Assets Available to Pay Benefits	1,502,348		1,631,549	1,373,145

LOCAL GOVERNMENT PENSION FUND ACTUARIAL VALUATION

Actuarial Valuation

The contribution rates within the 2013/14 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2010.

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 2014 was 19.3% 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	13.3	400
West Oxfordshire District Council	14.4	430
Cherwell District Council	13.9	1,095
Oxford City Council	20.2	-
Vale of White Horse District Council	14.5	520
Oxford Brookes University	18.5	-

For some employers, contributions are stepped up to the total rate required over a period not exceeding 3 years ending in the year 2013/14.

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 £1,111.6m. The smoothed market value¹ of the Fund's assets at the valuation date was £1,079.4m representing 79% of the Fund's accrued liabilities, allowing for future pay increases. The Actuary has certified contribution rates for all Fund employers from 1 April 2011, 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:

LOCAL GOVERNMENT PENSION FUND ACTUARIAL VALUATION

Assumptions for the 2010 Valuation	Annual Rate %
Inflation	3.5
Pension Increases	3.0
General Pay Increases	5.0
Discount Rates for Periods	6.7

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.

¹The smoothed market value is the six month average of the market value straddling the valuation date.

FIRE-FIGHTERS' PENSION FUND ACCOUNTS: FUND ACCOUNT

Fund Account for the year ended 31 March

Fund Account	2012/13 £'000	2013/14 £'000
Contributions Receivable		
From employer		
- normal	-1,868	-1,902
- early retirements	0	0
Other (ill health retirement contribution)	-101	-101
From members	-1,134	-1,313
	-3,103	-3,316
Transfers in	0	0
Benefits Payable		
Pensions	4,207	4,408
Commutations and lump sum retirement benefits	1,084	979
Lump sum death benefits	0	0
Other (ill health lump sums)	100	0
	5,391	5,387
Payments to and on account of leavers		
Individual transfers out to other schemes	159	210
	159	210
Miscellaneous		
Annual Allowance Charge		32
Net amount payable/receivable for the year before top-up grant receivable/amount payable to sponsoring department	2,447	2,313
Top-up grant receivable	-2,447	-2,313
Net amount payable/receivable for the year	0	0

FIRE-FIGHTERS' PENSION FUND ACCOUNTS: NET ASSETS STATEMENT

Net Assets Statement	2012/13 £'000	2013/14 £'000
Net Current Assets and Liabilities		
Contributions due from employer	17	14
Pension top-up grant receivable from sponsoring department	118	510
Other Current Assets	13	10
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)	-45	-274
Cash balance	-103	-260
Total	0	0

NOTES TO THE FIRE-FIGHTERS' PENSION FUND ACCOUNTS

1. Basis of Preparation

The fund, which reflects the financial arrangements relating to both the 1992 and the 1996 Firefighter Pension schemes, came into being on 1 April 2006.

The financial arrangements for the Fire-fighters' Pension Scheme 1992 were made in exercise of the power conferred by section 26 of the Fire Services Act 1947 and for the Fire-fighters' Pension Scheme 2006 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 Fire-fighters but not pension credit members, of the 1992 and 2006 Fire-fighters' 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 Fire-fighters but not pension credit members of the 1992 and 2006 Fire-fighters' Pension Schemes towards their future pension liability into their pension funds.

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 no ill health retirements in 2013/14.

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 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.

NOTES TO THE FIRE-FIGHTERS' PENSION FUND ACCOUNTS

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 2014.

	1992 Scheme	2006 Scheme
Contributors	175	385
Pensioners	286	10
Preserved Pensions	27	201

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. Contingent Liability

Complaints have been made to the Pensions Ombudsman regarding the lack of a review by the Government Actuary of the Firefighters' Pension Scheme 1992 commutation factors between 1998 and 2006. The Ombudsman is considering a test case on the same issue brought by a member of the Fire-fighters' scheme. There is a possibility that additional lump sums may be required to be paid relating to retirements between 1998 and 2006 following a ruling on the test case from the Ombudsman. As the potential change to the commutation factors is not known at this stage it is not possible to estimate a contingent liability.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY
COUNCIL**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY
COUNCIL PENSION FUND**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORDSHIRE COUNTY
COUNCIL**

Annual Governance Statement 2013/14

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 with local people and stakeholders and their views are considered;
- Councillors and officers have clear functions, roles, responsibilities and appropriate training to carry them out;
- 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 new plans for further improvements are put in place.

For Oxfordshire County Council, 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 make it engage with and lead Oxfordshire to meet the needs of service users and the public in general.

2. This Statement describes the corporate governance in Oxfordshire County Council in 2013/14 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 4(3) of the Accounts and Audit (England) Regulations 2011.

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 its functions including arrangements for managing risk.

4. Oxfordshire County Council has adopted a 'Code of corporate governance', which is consistent with the principles of the CIPFA/SOLACE¹ Framework 'Delivering Good Governance in Local Government'. A copy of our 'Code' is on our public website².
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 2013/14 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
 - Decision making structures
 - Senior Management
 - Controls on Projects, ICT and Information
 - 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 2013/14
- Review of effectiveness
- Action Plans for 2014/15

¹ Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives

² <http://www.oxfordshire.gov.uk/cms/public-site/corporate-governance>

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 our 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 our most vulnerable residents, focusing on those we have a duty to consider such as older people, disabled adults, and children. We must ensure they 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. Our planning process for the Corporate Plan takes account of the needs and wishes of customers and communities which are articulated through a range of consultation exercises. The Cabinet's initial proposals are referred to Performance Scrutiny and then submitted to full Council for approval.
11. Our Corporate Plan is supported by Directorate Business Strategies which set out how the work will be delivered. The Directorate Business Strategies for 2014/15 to 2017/18 were updated through the 2014/15 Service & Resource Planning process and approved by Council in February 2014.

Equalities

12. 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.

13. 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.

14. 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.

15. 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.

16. 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

17. Oxfordshire County Council's Communication team manages channels for communicating with residents and staff which include:

- The Council website with information on services and policies;
- A Press office to respond to media enquiries and run targeted media campaigns;
- Marketing channels to reach residents directly, including poster sites, email newsletters and social media channels (for example Twitter and Facebook).

Council staff are kept informed about important workplace developments via the Intranet and regularly cascaded manager briefings. The Council holds an annual staff conference and a series of staff road shows led by the Chief Executive, Directors and senior managers, to directly engage with staff and communicate possible changes.

Oxfordshire County Council also has established public affairs channels managed by the Policy team for communicating with MPs, representatives from district councils and other local and national partners. This includes a monthly MPs briefing.

18. 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>.

19. Oxfordshire County Council's Health and Wellbeing Board brings together County and District Councillors, health professionals, senior officers and public representatives, to assist in setting the strategic direction of the health and social care sector and plans for the commissioning of services through the production of the Joint Health and Wellbeing Strategy. Healthwatch are the statutory representatives for service users and the public, and are responsible for ensuring that the views of the public, service users, carers and advocacy groups are at the centre of service and strategy development. The Board became a formal statutory committee of the Council on 1 April 2013.
20. Oxfordshire County Council uses a wide range of evidence and information to inform strategy, policy development and 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 locating services. 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 ensure that our approach to decision making is evidence based. We also attach great importance to engaging with communities that wish to develop their own plans. Community-led planning allows us to respond to local issues and concerns raised by Oxfordshire's communities whilst encouraging self-help solutions.
21. The Health and Wellbeing Board oversees the production of the Joint Strategic Needs Assessment – a shared evidence base. This identifies the health needs of the local community, enabling effective decision making. It also monitors the effectiveness of health services provided for the people of Oxfordshire.

Decision making structures

22. 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.
23. 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.

24. 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.
25. The Constitution is reviewed annually by the Monitoring Officer with recommendations of changes being made to Full Council for consideration and adoption.
26. 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.
27. 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. The Council has extended these rights of challenge by maintaining a non-statutory petition scheme and arrangements are in place for the creation of e-petitions.
28. Oxfordshire County Council has an Audit & Governance Committee which meets six times a year. It functions and operates in accordance with proper practice as defined in the guidance published by CIPFA in 2005. 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. We are reviewing and updating our arrangements in response to the 2013 version of the CIPFA guidance³.
29. The County Solicitor 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 County Solicitor.

Senior Management

30. Oxfordshire has a Chief Executive who is responsible for the head of paid service function. Her role, in summary, includes co-ordinating the different functions of the council, staff appointment, organisation, management, numbers and grades. Additional responsibilities set out in the Constitution include supporting councillors and the democratic process, overall corporate management and promoting our objectives,

³ Audit Committees, Practical Guidance for Local Authorities and Police, 2013 Edition, CIPFA,

performance management, strategic partnership, the community strategy, media and communications.

31. 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. She can make sure 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.
32. 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.
33. These financial documents are supported by a Treasury Management Manual, a Capital Manual, an Accounting Manual and information for use by non-finance specialists which are published on Oxfordshire County Council's Intranet.
34. There are teams of professionally qualified staff in the Chief Executive's Office and within Oxfordshire Customer 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.
35. Oxfordshire has a County Solicitor who is the Monitoring Officer. His role, in summary, includes meeting all legal requirements, ensuring effective administration and compliance with statutory responsibilities around the councillors code of conduct and the

⁴ See: http://www.cipfa.org/Policy-and-Guidance/Reports/-/media/Files/Publications/Reports/role_of_CFO_in_LG_2010_WR.pdf

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 Projects, ICT and Information

36. 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.
37. Oxfordshire County Council requires projects to be managed using the Project Management Framework which gives a comprehensive structure, standard paperwork and defined processes for project management. The Directorates review projects (progress, governance and risks) as part of quarterly performance reporting. Progress of Major Programmes is reported to CCMT every 6 months and separately to the Audit Working Group.
38. Our ICT Service Manager has overall responsibility for the strategic development and delivery of all aspects of ICT for Oxfordshire County Council. The Deputy Head of Law and Culture is the Council's Data Controller and chairs the Information Governance Group as the Council's Information Governance Lead. This group has with representatives from all Directorates (as well as Fire & Rescue and Public Health) and specialists from Human Resources and ICT services. The group has appointed a Senior Risk Information Owner, an Information Risk Owner for ICT, and Information Risk Owner for Joint Commissioning; as well as linking with the Caldicott Guardian (responsible for patient and service user confidentiality).

Codes of Conduct

39. 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 to embed 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.
40. 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

41. Oxfordshire County Council's Constitution sets out the roles and functions for all councillors. Members' development needs and appropriate learning and development

opportunities are prioritised by the cross-party Member Development Group, having regard to emerging issues, skills requirements, formal roles and any necessary induction following an election or by-election.

42. Training and development needs for senior managers are identified and followed up through our appraisal and personal development plan process. The in-house Senior Leadership Programme provides our senior managers with the tools and support needed to tackle the complex issues we face in local government.

WORKING WITH OTHERS

Schools

43. Section 48 of the Schools Standards and Framework Act 1988 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. The Scheme is reviewed through the Schools Forum and schools receiving delegated budgets must adhere to the financial framework. Failure of a school to comply with the Scheme can ultimately lead to withdrawal of delegation.
44. From April 2013 there are three separate blocks within the Dedicated Schools Grant (DSG), each of which with its own allocation rules. Funding for higher levels of special needs in further education colleges is a responsibility of the County Council, funded from the DSG. The County Council is also responsible for the allocation of DSG to academy budget shares, though not for the actual payment to academies. Government continues to make other grant streams available to schools via the County Council, including funding for school sixth forms and the Pupil Premium. All local authorities are required, under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009, to publish via their public web site an annual budget statement and an annual outturn statement. Oxfordshire's Section 251 budget statement for 2013/14 and the budget and outturn statements for previous years are available on the Council's website.
45. It is the responsibility of each school's governing body to set down and oversee proper governance arrangements for the school, supported by the Headteacher and staff. The governing body in maintained schools is accountable to the local authority for the way the school is run. The Schools Finance Team visit maintained schools to provide support, advice and challenge and give assurance on the Individual Schools Budget and other funding streams at each school. The team validates all maintained schools' budgets annually and reviews schools' budget monitoring reports during the year. A helpline is also provided to schools to give them immediate SAP applications support and finance guidance where needed. The team uses a comprehensive risk assessment tool to identify schools with higher financial risks or issues and give them additional support and oversight. Where progress is not made, 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.

46. Corporate Finance review the expenditure and governance of the centrally retained DSG expenditure in Children, Education & Families. Corporate Finance is responsible for the DSG local funding formula calculation and for distribution of other funding streams based on DfE Regulations, Terms and Conditions of DSG and DfE guidance. Schools support and compliance teams each have responsibilities to ensure compliance with the Scheme for Financing Schools (section 48 of Schools Standards and Framework Act 1998) and the Financial Manual of Guidance as well as the national statutory and regulatory environment governing schools finance.
47. Oxfordshire Schools Forum is consulted on financial and governance issues and advises the County Council on these from the schools' perspective. Council officers support the work of the Forum and its subcommittees and all parties benefit from the exchange of advice and views to improve and develop school governance and management and the work of the Forum going forward.
48. 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.
49. 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 to ensure that special educational needs are met and that the free entitlement to early year's education is provided by academies where applicable. Oxfordshire academies can use the County Council guidance for maintained schools as one source of information on governance.

Partnerships

50. Oxfordshire County Council continues to work in partnership with many other bodies and organisations, in particular through the formal structures of the:
 - Oxfordshire Local Enterprise Partnership
 - Oxfordshire Skills Board
 - Oxfordshire Strategic Planning and Infrastructure Partnership
 - Oxfordshire Local Transport Board
 - Oxfordshire Safeguarding Children Board;
 - Oxfordshire Health and Wellbeing Board (including sub groups on Health Improvement, Adult Health and Social Care, Children and Young People)
 - Oxfordshire Stronger Communities Alliance (voluntary and community sector); and the
 - Oxfordshire Safer Communities Partnership.

All partnerships that the County Council enters into are governed by a Terms of Reference and appropriate governance regarding decision making. Some partnerships are delivery partnerships and some commission services

All partnerships are driven by the priorities set by the Oxfordshire Partnership, which continues to meet to provide a light-touch overarching sense of direction and ensure delivery of the priorities in 'Oxfordshire 2030' - our community strategy.

REVIEWING OUR EFFECTIVENESS

Measuring and Managing Service Performance

51. Oxfordshire County Council has a robust performance management framework based on quarterly reporting and exception based escalation of issues. Through the performance management framework there are regular conversations about performance at all levels of the organisation, driving decision making and service change.
52. The performance management framework measures service performance and quality by translating our strategic priorities into SMART⁵ outcome-focused targets that are monitored through a 'Performance Dashboard' Information flows 'up' through the organisation from service teams, to directorate management teams and on to the County Council Management team before consideration in public at the Performance Scrutiny Committee and Cabinet.

Compliance, Risks and Complaints & Whistleblowing

Compliance

53. 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;
 - Corporate Governance Strategy for Law and Culture; and a
 - Protocol for Implementing New Legislation.
54. 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.

⁵ Specific, Measurable, Achievable, Realistic, Timely

55. 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.
56. 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 2013/14. 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

57. 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 Director for Social & Community Services was the CCMT Risk Champion during 2013/14.
58. 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.
59. 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. Risk registers are challenged by the Chief Executive's Office as part of the quarterly corporate monitoring.
60. Risk Management in projects is required in our Corporate Project Management Framework⁶. It includes the requirement for risk registers to be maintained as part of the project management process.

Complaints & Whistleblowing

61. 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.
62. An annual review of reports and incidents is undertaken by the Monitoring Officer and is reported to the Audit Working Group.

⁶ <http://projectmanagement.oxfordshire.gov.uk/wps/wcm/connect/occ/project+management+framework/Home/>

Internal audit

63. 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.

64. In accordance with the requirements of the Accounts and Audit (England) Regulations 2011⁷, the Monitoring Officer has carried out a review of the effectiveness of the system of internal audit. The scope of the review covered compliance with proper practice (Public Sector Internal Audit Standards 2013), reporting on performance and outcomes to the Audit & Governance Committee, and a survey of Senior Management on the effectiveness of Internal Audit.

65. The Audit & Governance Committee has determined the process by which this review is undertaken. It includes continuous monitoring of the Internal Audit process by the Committee in conjunction with the Audit Working Group.

66. In the resulting report to the Audit & Governance Committee it was concluded that the Internal Audit Service overall continues to be effective and well received, but there is a need to improve performance; in particular completing the annual audit plan by 30 April. The Chief Internal Auditor's self-assessment against the Public Sector Internal Audit Standards, (which became effective from April 2013), was considered as part of the review. The assessment identifies two key areas where the service does not currently conform with the standards - the Internal Audit terms of reference needs to be updated and incorporated within a new Internal Audit Charter - and a Quality and Improvement Plan needs to be produced for review and monitoring by the Audit & Governance Committee. In accordance with the requirements for reporting "non-conformance", these are detailed in the Chief Internal Auditor's annual report including actions being taken.

67. The Chief Internal Auditor has prepared an Annual Report on the work of Internal Audit which concludes that the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of the County Council's functions. Where areas for improvement have been identified, management action plans

⁷ As set out in the sector specific note – \ local government application note, for the United Kingdom Public Sector Internal Audit Standards, CIPFA and CIIA, April 2013.

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

68. 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.
69. In addition, Full Council has asked for a review of effectiveness of the changes to the Committee and decision making processes of the Council, introduced in May 2013. The Monitoring Officer has been asked to undertake this review and report back to Full Council in September 2014.
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. 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 have started to meet regularly to coordinate their work.
73. The Council reviewed the Scrutiny Committee arrangements at its meeting in April 2013. We now have three standing Scrutiny Committees for the following broad areas:
- Education
 - Performance
 - Joint Health Overview (including aspects of adult social care)

These provide advice to the Cabinet on major policy decisions and may review the Cabinet's decisions. Each committee may establish its own working groups to explore particular issues in more depth. Councillors will be able to suggest issues for consideration by a Scrutiny Committee subject to the relevant Committee Chairman's agreement. In addition:

- Policy development work will be carried out by a number of Cabinet Advisory Groups;
- There will be a standing Transport Advisory Panel; and
- Local member engagement will be strengthened by Locality meetings that focus on local issues.

Corporate Governance Assurance Group

74. 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) relating to the 2012/13 Annual Governance Statement.

Key Deliverables

75. Key deliverables within Directorate Business Strategies are managed as projects as a part of our directorate business management process. 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 Business Strategy Delivery Reports to Cabinet.

76. Further to these monitoring arrangements, the Chief Finance Officer and the Head of Policy meet monthly with all Deputy Directors. They review the delivery of business strategies, 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

77. Oxfordshire County Council receives external reports 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. No issues have been raised for 2013/14.

SIGNIFICANT GOVERNANCE ISSUES

Progress in 2013/14

78. The Progress Report on Actions planned for 2013/14 follow:

Action that were planned for 2013/14	Progress	Status
<p>Data Transfers and Security (on-going from 2012/13)</p> <p>To implement the strategy to:</p> <p>a) ensure effective information governance relating to external data transfers and security and to raise staff awareness, for new and existing staff of the legal requirements;</p> <p>b) improve staff awareness of the requirements of the Acceptable Use Policy (AUP).</p>	<p>Progress on the three items in the list is as follows:</p> <p>a) A revised Data Sharing Policy and Procedure was approved by Information Governance Group (IGG) in May 2013. IGG itself was reviewed and refreshed to meet internal audit requirements and ensure effective information governance and security including receiving data breach reports. The Intranet has been used to raise staff awareness. A project has been set up to look at data transfer and security working with leads in directorates to raise awareness of the legal requirements.</p> <p>b) The AUP has been revised in September 2013 and subsequently and similar arrangements as for (a) have been put in place making users responsible and more accountable. The AUP now includes new information on printing. Arrangements for reviewing the AUP each year are in place.</p>	<p>a) COMPLETED</p> <p>b) COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>c) ensuring that where appropriate, data is transmitted securely either using 'Government Connect', or Egress Switch email and file transfer software or another secure software system.</p>	<p>c) Clearer information is available on the Intranet, and the revised Email Policy makes clear that Egress Switch or PSN must be used for secure transfer of data outside OCC. But persuading other partners to use Egress Switch and inconsistent knowledge and use of it is a continuing risk. Internal audit continue to have concerns about this issue. IGG has commissioned a report on the use of Egress Switch across the Council.</p>	<p>c) ONGOING</p>
<p>Health & Safety (on-going from 2012/13)</p> <p>To ensure the Health & Safety Strategy is embedded across the organisation and:</p> <p>a) that roles and responsibilities in directorates and corporately are clear and understood;</p> <p>b) Health & Safety arrangements in commissioning, awarding and managing service provider contracts are robust.</p> <p>c) that the recommendations from the Internal Audit of Health & Safety are actioned.</p>	<p>a) The Chief Executive has written to all employees reminding them of their Health & Safety (H&S) responsibilities. These are included in all new job descriptions and stated in the Part 2 H&S policies and on the H&S insite page.</p> <p>b) H&S sections have been included in the Procurement Toolkit and training made available on the safe selection and monitoring of contractors.</p> <p>c) Audit actions have been completed.</p>	<p>COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>d) that an effective Health & Safety working group is in operation</p> <p>e) that Directorate action plans are in place by the end of July 2013</p>	<p>d) H&S Governance Group has been established and is now reporting to CCMT. Key issues will be monitored through the Corporate H&S Action Plan. A dedicated H&S governance section is being created on Insite to act a source of reference for H&S governance issues and show progress of the group.</p> <p>e) Directorate action plans were in place for 2013/14. These contained H&S priorities and actions. However there has been mixed success in implementation and the H&S Governance Group will seek improvements to this process during 2014/15.</p>	
<p>Legislation</p> <p>Develop and implement an action plan to raise awareness of the implications of new legislation, statutory guidance and best practice and forward planning to allow for government policy developments in directorates.</p>	<p>Much legislation and guidance is being introduced. However, systems are in place to monitor new legislation both in Legal Services and the Directorates. Also:</p> <ul style="list-style-type: none"> • There are more briefings for staff and managers by Legal Services • There are named leads on legislation and these have been updated • The policy team scan national agencies and government bodies for forthcoming legislation, consultation requests and policy initiatives and circulate the results appropriately • There are reminders on the Intranet for staff 	<p>COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>Data Quality</p> <p>Agree, implement and report on the performance of a Data Quality Strategy within the organisation and with third parties</p>	<p>A draft document has been prepared but further work by IGG to consider data protection requirements and our Intranet pages is needed.</p> <p>There is a need for clear communication with managers around the organisation about data quality and the benefits effective data use can bring. This is being addressed together with work to ensure that a useful and productive data quality management process is in place, not a set of bureaucratic 'tick-box' exercises.</p>	<p>ONGOING</p>
<p>Commercial Services Board</p> <p>Is implemented effectively and:</p> <ul style="list-style-type: none"> • provides an on-going robust overview of the adequacy of procurement and contract management arrangements across the organisation including contract performance and visibility of issues/risks. 	<p>The Commercial Services Board continues to meet monthly and is building an overview of significant commercial activity. Typically over 65 commercial / procurement projects are now active, representing an external spending commitment of around £100m per year. These projects are rated as Red, Amber or Green by the commercial team and selectively reviewed by the Board. Work on implementing a consistent approach to Contract Management is progressing well. The Council's approach has been agreed (the Contract Management Framework). We have over 4,000 suppliers and have carried out risk based segmentation for 75% of them. A base line assessment of the most critical commercial relationships began in November 2013 (these are classified as 'Platinum'). A standardised performance snapshot for</p>	<p>ONGOING</p>

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Action that were planned for 2013/14	Progress	Status
<ul style="list-style-type: none"> issues in CEF contract management are addressed 	<p>these occurs quarterly.</p> <p>The Board will formally update CCMT quarterly in respect of its work.</p> <p>Whilst the governance model is now implemented the role of the board and the contract management framework are not fully embedded and its effectiveness will increase as work progresses over the coming year.</p> <p>The issues have been addressed.</p>	<p>COMPLETED</p>
<p>Implementation of Self-Service for Human Resources and Finance</p> <p>Actions to introduce user – friendly systems to enable improvements to financial management and human resources processes are completed in line with project plans and staff are aware of and using the new tools effectively.</p>	<p>Reshaping Finance</p> <p>Processes are in place but need to be embedded.</p> <p>Self Service tools for staff</p> <p>Three of the four planned self-service tools for HR activities have been delivered effectively, with very few problems and excellent feedback from users. Relevant policy and guidance has been linked to the on-line tools making them very helpful to managers and staff. The final tool covering Annual Leave is due to be rolled out shortly and no difficulties are anticipated.</p>	<p>COMPLETED</p> <p>COMPLETED</p>

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Action that were planned for 2013/14	Progress	Status
<p>Improve Client Charging arrangements in Social and Community Services and in Oxfordshire Customer Services</p> <p>Actions to address issues raised by the Internal Audit report</p>	<p>All management actions identified by Internal Audit have been addressed, An appropriate system is in place and there is evidence that staff are using this. Progress has been reported to Audit Working Group</p>	<p>COMPLETED</p>

A Review of the effectiveness of our governance arrangements

79. We have reviewed our overall effectiveness. Key points are that:

- We have made good progress on implementing our Action Plan for 2013/14 as noted above;
- Our decision taking processes are clear;
- The council has effective financial management providing good value for money and operating within a budget that included a low council tax increases and continuing plans to make savings;
- We have put in place arrangements to manage our new role in Public Health that went live on 1 April 2013;
- We monitor key governance issues through a system of Corporate Lead Officers, for example one covers Business Continuity;
- Key management roles are defined and in place – Chief Executive, Chief Finance Officer, Monitoring Officer and Chief Internal Auditor;
- We have updated our Code of Corporate Governance and the Corporate Governance Assurance Framework in 2013/14;
- We have started to implement the requirements of the Local Government Transparency Code;
- We have plans in place to implement the Care Act 2014;
- Internal Audit's Annual Report concludes that the system of internal control provides reasonable assurance regarding the effective, efficient and economic exercise of Oxfordshire County Council's functions; and
- 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 good shape. We have continuing and new plans to improve our governance in 2014/15 which are listed below.

Action Plans for 2014/15

80. For 2014/15, some areas have been identified where the quality of our governance could be improved, or where we have planned material changes to the governance arrangements. Our action plan for 2014/15 follows:

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	Action now planned for 2014/15	Timescale for Completion	Responsible Officer	Monitoring Body
1	<p>Data Transfers and Security (on-going from 2012/13)</p> <p>Ensuring that where appropriate, data is transmitted securely either using 'Government Connect', or Egress Switch email and file transfer software or another secure software system.</p>	31 March 2015	ICT Corporate Lead	Information Governance Group
2	<p>Data Quality (on-going from 2013/14)</p> <p>Agree, implement and report on the performance of a Data Quality Strategy within the organisation and with third parties</p>	31 March 2015	ICT Corporate Lead	Information Governance Group
3	<p>Commercial Services Board (on-going from 2013/14)</p> <p>The Board's framework should be embedded and implemented effectively. This will provide an on-going robust overview of the adequacy of procurement and contract management arrangements across the organisation including contract performance and visibility of issues/risks.</p>	31 March 2015	<p>Chief Finance Officer</p> <p>Interim Corporate Procurement Manager</p>	Corporate Governance Assurance Group (CGAG)

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	Action now planned for 2014/15	Timescale for Completion	Responsible Officer	Monitoring Body
4	<p>Business Continuity</p> <p>a. Undertake a review of Business Continuity processes, guidance documents and templates to ensure that they reflect contracted services and rationalised process.</p> <p>b. Ensure that appropriate BC toolkits, training and testing information is available to staff and managers.</p> <p>c. Ensure that all necessary plans exist, can easily be accessed on a central database and are up to date and realistic.</p> <p>d. Ensure that plans are updated when there is organisational change, estate rationalisation or increasing flexible or agile working.</p> <p>e. Ensure that business continuity arrangements are reviewed and if necessary changed when commissioning or externalising services.</p> <p>f. Ensure that Tier 3 managers sign off the plans.</p>	31 March 2015	Business Continuity Corporate Lead	CGAG

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	Action now planned for 2014/15	Timescale for Completion	Responsible Officer	Monitoring Body
5	<p>Externalisation of Human Resources and Finance Services</p> <p>Setting up, implementing and embedding our new operating model includes extensive working with another public body and other work. The following action is required as a result.</p> <p>Develop for the approval of CCMT and the Audit & Governance Committee a robust assurance framework for the governance and systems of internal control for the planned externalisation of services including explicitly those where there may be a transfer in full or in part of key control processes.</p> <p>Risks arising as our partners access our data and other information assets will need to be explicitly considered.</p> <p>The output of this process is to be reviewed by CGAG, approved by CCMT and Audit & Governance Committee.</p>	31 March 2015	<p>Chief Finance Officer</p> <p>Chief Internal Auditor</p> <p>Chief Human Resources Officer</p>	CGAG
6	<p>Partnerships</p> <p>To undertake a review of governance arrangements in relation to key strategic partnerships where the council is a formal member.</p>	31 March 2015	<p>Head of Law & Governance</p> <p>Head of Policy</p>	CGAG

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81. 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
Joanna Simons Chief Executive		Lorna Baxter Chief Finance Officer	

.....	Date	Date
Councillor Ian Hudspeth Leader of the Council		Peter Clark Monitoring Officer	

GLOSSARY OF TERMS

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).

GLOSSARY OF TERMS

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 generally the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. This definition is modified by the Code for certain categories of assets and liabilities e.g. Property, Plant and Equipment.

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's)

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

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charges include the minimum revenue provision required and interest on outstanding debt, together with a general revenue contribution to finance capital spending.

Supported Capital Expenditure (Revenue) (SCE(R))

Borrowing supported by the government through general grant.

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.