

OXFORDSHIRE COUNTY COUNCIL

STATEMENT OF ACCOUNTS

2014/15

FOREWORD BY THE CHIEF FINANCE OFFICER

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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 2015. 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 2014/15 ("the Code"). To meet statutory requirements, the Chief Finance Officer is required to sign the accounts no later than 30 June 2015 and certify that they give a true and fair view of the County Council's position. This was achieved on 30 June 2015 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 2015. The Audit & Governance Committee is scheduled to meet on 16 September 2015 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 at the end of the accounts 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 2014/15 the net reduction in the County Fund Balance before transfers from earmarked reserves was £16.268m. After transfers from earmarked reserves the closing balance for the County Fund was £24.297m.
- **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

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the Movement in Reserves Statement. The Deficit on the Provision of Services for 2014/15 was £92.216m.

- **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 2015 were £90.208m.
- **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 2014/15 was £5.970m.
- **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.

The 2014/15 Code adopted amendments to some financial standards that applied from 1 April 2014. The new or revised financial standards adopted were:

- 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

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form of the arrangement. The changes to the group accounting standards do not have an impact on the County Council's accounts for 2014/15 as there are no group relationships.

Local authority maintained schools (community, voluntary aided, voluntary controlled and foundation) should be treated as entities for financial reporting purposes in accordance with IFRS 10, and adapts the definition of single entity financial statements so that schools are consolidated into these statements. In December 2014 CIPFA/LASAAC issued LAAP Bulletin 101 Accounting for Non – Current Assets used by Local Authority Maintained Schools which provided further guidance on the practical application of the Code for non current assets used by schools, particularly in respect of Voluntary Aided, Voluntary Controlled, and some foundation schools where non current assets are owned by a third party. Current assets and income and expenditure by schools continue to be consolidated into the the Council's accounts consistent with IFRS 10 and LAAP Bulletin 101.

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 has 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.

Revenue Expenditure

2014/15 was 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 Financial Plan (MTFP) to 2017/18 reflected 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) required additional savings of £64m over the period up to 2017/18 taking the total to £265m over the period 2010/11 – 2017/18.

The County Council set a Council Tax requirement for 2014/15 of £277.734m. 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 2014/15.

In the main, directorate business strategies are being delivered as planned with the majority of the savings for the year being achieved. Additional demand led pressures in Adults' and Children's Social Care which have become apparent in 2014/15 have been considered through the 2015/16 Service & Resource Planning Process.

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In terms of the County Council's actual expenditure, the Code requires the presentation set out in the Comprehensive Income and Expenditure Statement (page 15). However for internal purposes, expenditure is reported on a directorate basis.

The Provisional Revenue and Capital Outturn Report to Cabinet on 23 June 2015 (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	102,618	105,752	107,302	1,550
Social & Community Services	214,724	214,168	214,339	171
Environment & Economy	81,532	83,054	81,809	-1,245
Chief Executive's Office	20,748	21,211	20,539	-672
Public Health	0	0	0	0
	419,622	424,185	423,989	-196
Strategic Measures:				
Contributions to / from (-) Reserves	-12,519	-11,378	-10,086	1,292
Contributions to Balances	3,000	1,466	0	-1,466
Pension Past Service Deficit Funding	830	830	830	0
Contingency	3,476	68	8	-60
Capital Financing	35,254	35,258	34,376	-882
Interest on Balances	-4,548	-4,552	-4,852	-300
	25,493	21,692	20,276	-1,416
Government Grants	-14,832	-15,594	-16,805	-1,211
Council Tax	-6,929	-6,929	-6,929	0
Revenue Support Grant	-80,623	-80,623	-80,623	0
Business Rates Top-Up Grant	-36,390	-36,390	-36,390	0
Business Rates	-28,607	-28,607	-28,587	20
Council Tax Requirement	277,734	277,734	274,931	-2,803

A breakdown of expenditure met from the County Fund and how it is financed is shown in the pie charts on page 12.

The directorates' variation against budget of -£0.196m is the position after achieving the savings built into the budget and the use of reserves to support expenditure on a one – off basis. This included the use of £1.500m from the Pooled Budget reserves to support the Learning Disabilities Pooled budget and £1.135m from the Public Health reserve being used to support revenue expenditure on public health functions delivered elsewhere in the council on a one – off basis. £2.751m additional one – off funding to manage additional demand in Children, Education and Families was agreed by Council in November 2014 and released from corporate contingency. This funding is included in the latest budget and reflected in the outturn variation. Other corporate management actions taken to achieve the position at year end included a freeze on recruitment and non – urgent expenditure.

The underspend of £2.803m shown in the previous table compares to a deficit on the provision of services of £92.216m. The significant difference between the provisional

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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 2013/14, the largest element of the deficit is from a loss on the disposal of assets of £110.790m, 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 42).

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 2014	17,409	21,494
Additions to / calls on (-) balances	1,000	2,803
County Fund balance 31 March 2015	18,409	24,297

County Council balances were £5.888m higher than forecast in the 2014/15 to 2017/18 Medium Term Financial Plan as at 31 March 2015. This was after taking account of £2.050m Severe Weather Recovery Grant that will be spent in 2015/16. Excluding this, general balances were £22.247m, or £3.838m higher than forecast. The budget provided for £2.000m calls on balances and £0.545m was drawn down during the year. An underspend of £1.337m in Strategic Measures has been added to balances and includes £0.300m additional interest due to larger than forecast cash balances held by the council during the year. There was also an underspend on capital financing costs (£0.882m) and additional un – ringfenced government grants (£0.116m). £0.059m unused contingency was also added to balances at year end. The additional balances will be used to support the council's Medium Term Financial Plan.

Earmarked reserves totalled £111.666m at the end of the year and comprise school reserves (£21.919m), directorate reserves (£39.707m), corporate reserves (£1.944m) and other reserves (£48.096m). Other reserves include insurance, capital and cash flow reserves. A budget reserve to manage the cash flow implications of the Medium Term Financial Plan for 2013/14 to 2016/17 was created in 2013/14. The balance on the reserve at the end of the year was £8.806m. This will be used in line with the Medium Term Financial Plan agreed by Council in February 2015. Capital reserves total £34.774m and will be used to finance the Capital Programme agreed by Council.

Capital

Capital spend in 2014/15 was £95.409m including £4.269m of capitalised repair and maintenance, vehicles and equipment. Of the total capital spend including capitalised items £37.363m was spent on schools and other educational facilities, £45.563m on highways and transport schemes and the balance, £12.483m, on a range of other projects. Details of capital spending are provided in Note 32 (page 89). The capital spend was funded mainly from grants and contributions (£88.428m), with the remainder being from revenue (£6.607m) and prudential borrowing (£0.373m) (Note 33, page 92).

Overall the balance for Property Plant and Equipment assets has reduced by £31.294m, 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 £822.003m, which reduces the County Council's net worth by 90%. The pensions liability has increased by £155.191m compared to last year, as a result of changes to financial assumptions. Note 20 on retirement benefits (page 64) gives a fuller perspective on the County Council's pension commitments and the assets and liabilities of the schemes but these have no immediate effect on Council Tax levels.

Other Liabilities

The County Council has finance liabilities of £26.493m, comprising £26.442m for property built by Oxfordshire Care Partnership under a service concession arrangement and £0.051m 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. The remaining £8.223m of the capital element of the grant that was received in 2013/14 is held within Capital Grants Receipts in Advance pending allocation to projects in 2015/16 and future years.

Performance over the last financial year

Further information is available in the council's 'Corporate Plan' for 2015/16 but over the last year the County Council has successfully:

- Continued to work alongside the Oxfordshire Local Enterprise Partnership and other partners to implement the City Deal agreement agreed in January 2014. This will boost innovation and business growth, create jobs and help secure Oxfordshire's place as a world leader in technology, knowledge and expertise.
- Worked closely with the NHS to agree a significant expansion to the pooled budget covering care for older people, and others to improve care and outcomes in physical disability, learning disability and mental health and wellbeing. We are developing integrated locality teams, and working towards a single point of access for health and social care. To facilitate closer working, the Director of Adult Social Services at the county council also holds the post of Director of Strategy & Transformation at the Oxfordshire Clinical Commissioning Group.
- Continued to make improvements to ensure that everything possible is done to make children safer in Oxfordshire and to support the Kingfisher Team, a joint social work, police and health unit focused on preventing, protecting and prosecuting cases of child sexual exploitation in Oxfordshire.
- Worked with the district councils and the Local Enterprise Partnership to secure a further £5.1 million of funding to achieve a minimum of 95 per cent broadband coverage by 2017 in South Oxfordshire, Vale of the White Horse and Cherwell.
- Achieved agreement amongst national and local partners to develop a new train route providing direct connection to London, Milton Keynes, Heathrow via Reading and all points east and west. In 2014 work began on the new 'Oxford Parkway' station at Water Eaton. The economic impact of the project is estimated to be £15 million per year and is estimated to create up to 12,000 new private sector jobs.

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- Partnered with Age UK to create networks of local advisers across the county to improve the dissemination of information and advice about the range of social care and the support services available and to help people to access them. The networks rolled out across the county in 2014 with clear locality plans supporting the development of local strategies.
- Continued to support troubled families – those with the most problems and who cause problems to the community around them – to make lifestyle changes and become thriving families. By January 2014 Oxfordshire had turned around 778 troubled families, the tenth highest out of 152 authorities, and the council is now an Early Starter for Phase 2 of the expanded programme, which runs through to 2020.

Plans for future service delivery

2015/16 is the second year of the four-year directorate business strategies agreed by Council in February 2014. These build on the previous strategies agreed in 2011, and were not extended beyond 2017/18 due to uncertainty over future levels of government funding.

Sustained reductions in Government funding combined with pressure to restrict Council Tax increases have resulted in a significant squeeze on Council resources over recent years, at a time when demand for services has been increasing. The Corporate Plan for 2014/15 set out that over the period 2010/11 to 2017/18 the Council planned to save £265m to offset funding reductions and to meet additional expenditure pressures.

On-going expenditure pressures that were not anticipated when those savings were agreed were highlighted in the Financial Monitoring and Business Strategy Delivery reports to Cabinet throughout 2014/15. Additional savings of £27m over that period are now required to manage these pressures, bringing the total savings over the period 2010/11 to 2017/18 to £292m.

The Cabinet published its budget proposals and its recommended Budget, Medium Term Financial Plan and Capital Programme on 27 January 2015. 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. Some of the savings have been used to re-invest in priority areas.

In setting its budget the Council must set a Council Tax Requirement, which is the amount of funding required to be raised from Council Tax to meet the expenditure plans of the authority after taking into account all other funding. Council approved the Cabinet's recommended Council Tax Requirement for 2015/16 of £288.2m on 17 February 2015. This was based on a Band D Council Tax of £1,232.46, an increase of 1.99% from the previous year.

The Capital Programme, also approved on 17 February 2015 includes planned expenditure of £127.4m for 2015/16. £96.6m of the total expenditure will be funded by grants and contributions, £15.1m through prudential borrowing and £15.7m through use of capital receipts.

As at 31 March 2015 the County Council was contractually committed to £42.451m capital scheme expenditure.

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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 £490m for 2015/16, and an operational limit (the target limit for day to day activity) of £480m. 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 £403.7m 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.

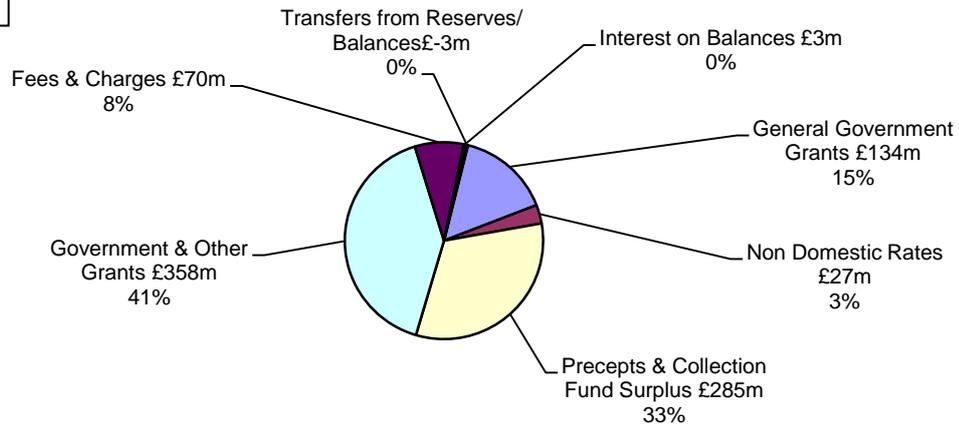
Conclusion

The County Council remains in a robust financial position as at 31 March 2015 despite the falling levels of government funding and increases in demand leading to pressures on Adult and Children's Social Care. While this is becoming increasingly challenging, directorates are broadly on track to deliver the required savings over the medium term. Additional balances available at the end of 2014/15 will be used to support the Medium Term Financial Plan on a one – off basis.

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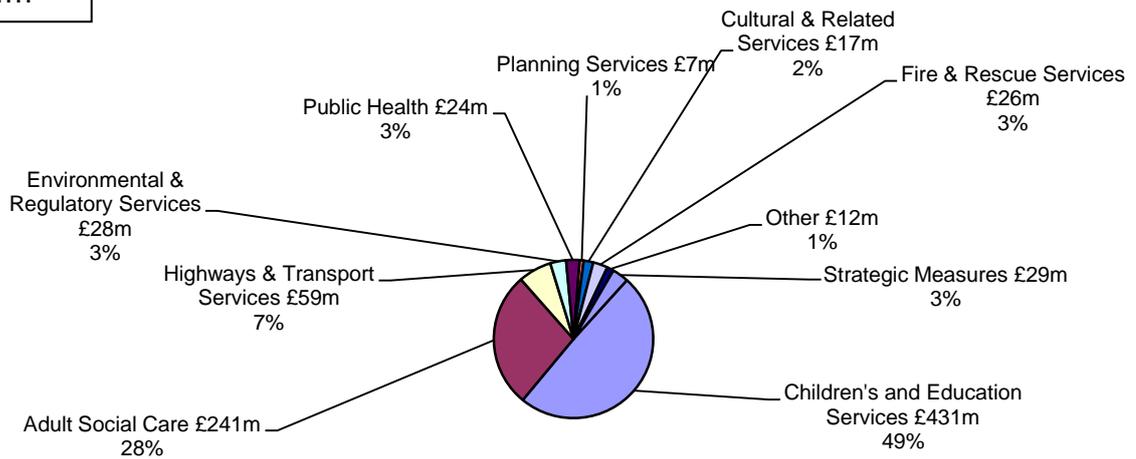
Total
£874m

Where the money came from



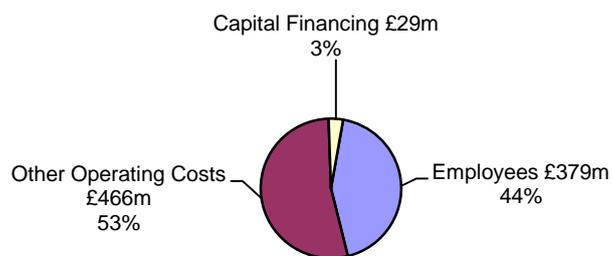
Total
£874m

What services have been provided with the money



Total
£874m

What the money was spent on



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 2014/15 ('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 2015.

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 & Contbn's Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
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	48	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
Movement in reserves during 2014/15								
Surplus (+) or deficit (-) on Provision of Services		-92,216				-92,216	0	-92,216
Other Comprehensive Expenditure and Income			544			544	-95,928	-95,384
Total Comprehensive Income and Expenditure		-92,216	544	0	0	-91,672	-95,928	-187,600
Adjustments between accounting basis & funding basis under regulations	4	75,948		1,930	-4,920	72,958	-72,958	0
Net Increase/Decrease before Transfers to Earmarked Reserves		-16,268	544	1,930	-4,920	-18,714	-168,886	-187,600
Transfers to/from Earmarked Reserves	48	19,071	-19,071			0	0	0
Increase (+)/Decrease (-) in Year		2,803	-18,527	1,930	-4,920	-18,714	-168,886	-187,600
Balance at 31 March 2015		24,297	111,666	16,078	49,620	201,661	-111,453	90,208

Schools' balances are held within Earmarked Reserves (see Note 48).

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2013/14				Notes	2014/15		
Gross Expenditure £'000	Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Income £'000	Net Expenditure £'000
466,369	-341,827	124,542	Children's and Education Services	7,8	458,213	-319,012	139,201
241,185	-52,406	188,779	Adult Social Care	9	245,441	-55,362	190,079
73,289	-9,633	63,656	Highways and Transport Services		74,189	-11,251	62,938
28,487	-607	27,880	Fire and Rescue Services		30,057	-755	29,302
28,783	-1,928	26,855	Environmental and Regulatory Services		28,087	-2,116	25,971
21,358	-25,608	-4,250	Public Health		24,271	-26,216	-1,945
18,533	-1,871	16,662	Cultural and Related Services		19,532	-1,928	17,604
5,870	-1,290	4,580	Planning Services		7,355	-3,416	3,939
6,291	-1,908	4,383	Central Services to the Public		4,408	-1,839	2,569
1,696	-433	1,263	Other Corporate Services	11,12	-186	-474	-660
891,861	-437,511	454,350	Cost of Services	5,6	891,367	-422,369	468,998
74,953	-3,014	71,939	Other Operating Expenditure	16	110,814	-1,865	108,949
51,615	-12,049	39,566	Financing and Investment Income and Expenditure	17,18,19	54,445	-11,063	43,382
0	-511,221	-511,221	Taxation and Non-Specific Grant Income	21,22	0	-529,113	-529,113
1,018,429	-963,795	54,634	Surplus(-) or Deficit(+) on Provision of Services	5	1,056,626	-964,410	92,216
			Items that will not be reclassified to the Surplus(-) or Deficit(+) on Provision of Services:				
		-18,864	Surplus or deficit on revaluation of non-current assets	52			-39,241
		2,981	Impairment losses on non-current assets charged to the revaluation reserve	52			2,981
		42,620	Remeasurements of the net defined benefit liability (asset)	20			133,417
		26,737					97,157
			Items that may be reclassified to the Surplus(-) or Deficit(+) on Provision of Services:				
		-49	Surplus or deficit on revaluation of available for sale financial assets				-1,229
		1,304	Other gains or losses				-545
		1,255					-1,774
		27,992	Other Comprehensive Income and Expenditure				95,383
		82,626	Total Comprehensive Income and Expenditure				187,599

BALANCE SHEET

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

As at 31 March 2014		Notes	As at 31 March 2015	
£'000			£'000	£'000
	Long Term Assets			
1,133,047	Property, Plant and Equipment	24	1,101,753	
7,190	Investment Property	25	7,569	
712	Intangible Assets	27	418	
86,000	Long Term Investments	36,41	47,000	
5,569	Long Term Debtors	38	5,368	
1,232,518	Total Long Term Assets			1,162,108
	Current Assets			
0	Investment Property	25	0	
76	Assets Held for Sale	26	79	
187	Inventories		55	
47,809	Debtors	39	57,168	
231,372	Short Term Investments	36,41	289,608	
16,348	Cash and Cash Equivalents	40	22,318	
295,792	Total Current Assets			369,228
	Current Liabilities			
-21,411	Short Term Borrowing	36,41	-35,403	
-85,440	Short Term Creditors and Revenue Receipts in Advance	42	-98,262	
-4,237	Provisions due within 1 year	43,44	-4,656	
-828	Short Term Finance liability	30,31	-815	
-16,653	Short Term Capital Grants Receipts in Advance	46	-31,760	
-128,569	Total Current Liabilities			-170,896
	Long Term Liabilities			
-2,606	Long Term Creditors and Revenue Receipts in Advance	42	-3,273	
-6,879	Provisions due over 1 year	43,44	-7,470	
-384,383	Long Term Borrowing	36,41	-368,383	
-666,812	Pension Liability	20	-822,003	
-26,500	Long Term Finance Liability	30,31, 36,41	-25,678	
-4,130	Deferred Income	45	-3,796	
-30,624	Long Term Capital Grants Receipts in Advance	46	-39,629	
-1,121,934	Total Long Term Liabilities			-1,270,232
277,807	Net Assets			90,208
	Financed from:			
220,375	Usable Reserves	47-50	201,661	
57,432	Unusable Reserves	51-56	-111,453	
277,807	Total Reserves			90,208

CASH FLOW STATEMENT

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

2013/14 £'000		Notes	2014/15 £'000
54,634	Net (surplus) or deficit on the provision of services		92,216
-109,315	Adjust net surplus or deficit on the provision of services for non-cash movements	57	-154,787
57,838	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		68,610
3,157	Net cash flows from Operating Activities	58	6,039
-18,305	Investing Activities	59	-14,836
11,821	Financing Activities	60	2,827
-3,327	Net increase (-) or decrease (+) in cash and cash equivalents		-5,970
13,021	Cash and cash equivalents at the beginning of the reporting period		16,348
16,348	Cash and cash equivalents at the end of the reporting period		22,318

1. Summary of Significant Accounting Policies

General

The Statement of Accounts summarises the County Council's transactions for the 2014/15 financial year and its position at the year-end 31 March 2015. It has been compiled in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code)*, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and with the Service Reporting Code of Practice 2014/15 (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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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.

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 2015) and the date the Statement of Accounts is authorised for issue. There are two types of event:

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

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the County Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the County Council.
- Revenue from the provision of services is recognised when the County Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the County Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when they are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet.

Government Grants and Contributions

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

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

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

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

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

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

Council Tax income

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

The district councils in Oxfordshire are acting as agents of the County Council in collecting Council Tax. The cash collected from Council Taxpayers belongs proportionately to the district councils and the major preceptors (the County Council and the Thames Valley Police & Crime Commissioner). There is therefore a debtor/creditor position between each district council and the County Council to recognise that the net cash paid to the County Council in the year is not the same as its share of cash collected from Council Taxpayers.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 are consistent with International Accounting Standard 19. This sets out recognition criteria for termination benefits, new definitions for retirement benefit service costs and classes of components of defined benefit cost to be recognised in the 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.
- 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.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

Receipts 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

NOTES TO THE CORE FINANCIAL STATEMENTS

the arrangement the contract meets the tests for accounting as a service concession arrangement.

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Expenditure Statement. Once recognised on the Balance Sheet, assets recognised under finance leases are accounted for in the same way as other Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

(See also the accounting policy on debt redemption.)

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

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

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

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

Cash and Cash Equivalents

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

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

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

Financial Assets

Financial assets are classified into three types:

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

Loans and receivables are initially measured at fair value and carried in the Balance Sheet at their amortised cost. Credits to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for external interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate for the instrument. For the majority of the County Council's investments, the effective interest rate is the same as the actual interest receivable in accordance with the loan agreement. Short duration receivables with no stated interest rates (e.g. debtors) are measured at original invoice amount.

The County Council has made a number of loans to clients and other organisations at less than market interest rates or zero rate (referred to in the Code as soft loans). 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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 was required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The scheme's introductory phase ended on 31 March

NOTES TO THE CORE FINANCIAL STATEMENTS

2014. The County Council was required to purchase and surrender allowances on the basis of emissions i.e. carbon dioxide produced as energy was used. As energy was used a liability and an expense were recognised. The liability was subsequently discharged by surrendering allowances. The cost to the County Council was recognised and reported in the Cost of Services for 2013/14 and was apportioned to services on the basis of energy consumption. Since the scheme finished on 31 March 2014 and the council is not participating in the on-going scheme there is no further liability or effect on the Cost of Services for 2014/15.

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 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 collaborates with other organisations through jointly controlled entities, operations or assets or through joint ventures. It may also exercise significant influence as an associate in entity created as a collaborative arrangement. For 2014/15 the County Council did not have any such interests and therefore prepared these accounts only as a single entity rather than as group accounts. For 2015/16 onwards group accounts will be required to show expenditure and income relating to the Local Enterprise Partnership which was incorporated as a company limited by guarantee on 1 April 2015, but for which the County Council remains the accountable body.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2015
- 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 £17.352m as at 31 March 2015) are recognised as Property, Plant and Equipment on the Balance Sheet. A finance liability has been recognised on the Balance Sheet for the amounts due to be paid under the contract for the new homes built by OCP.
- The Code requires heritage assets to be recognised as a separate category of assets on the Balance Sheet, 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 the Growing Places Fund in 2011/12 to spend on capital projects to address infrastructure needs. The remaining £8.223m has been recognised as a capital grant receipt in advance as at 31 March 2015 as there is an obligation to return the funds if it is not spent on capital projects in due course.

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 2015 for which there is significant risk of material adjustment in the forthcoming year are as follows:

Property, Plant and Equipment

As at 31 March 2015 the County Council had £653m 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 £0.367m for every year that useful lives had to be reduced.

Debtors

As at 31 March 2015 the County Council had a balance for current debtors of £65.908m and had estimated an impairment allowance for doubtful debts of £8.740m. The impairment allowance comprises £1.503m for the County Council's own debts based on the age and type of each debt and £7.237m 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 £0.150m to be set aside as an allowance by the County Council and £0.724m from the Collection Funds.

Provisions

As at 31 March 2015 the County Council made a provision of £8.117m 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 £0.812m effect on the provision required.

Pensions Liability

Estimation of the net liability to pay pensions (£822.003m as at 31 March 2015) 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 2014/15 the County Council's actuaries advised that the net pensions liability had decreased by £2.213m as a result of estimates being corrected as a result of experience, and increased by £195.932m attributable to updating of the financial assumptions relating to pensions liabilities.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

4. Adjustments between accounting basis and funding basis under regulations

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

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns 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	28,519				-28,519
Impairment losses	3,370				-3,370
Revaluation losses	-1,156				1,156
Movement in the market value of investment property	-508				508
Capital grants and contributions applied net of capital financing reversed	-60,297			-28,132	88,429
Revenue expenditure funded from capital under statute	22,618				-22,618
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	110,790				-110,790
<u>Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Statutory provision for the repayment of debt	-17,693				17,693
Capital expenditure charged to the County Fund Balance net of capital financing reversed	-6,607				6,607
Repayment of loans			131		-131
Adjustments primarily involving the Capital Grants and Contributions Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	-23,212			23,212	
Adjustments primarily involving the Capital Receipts Unapplied					
Transfer of net sale proceeds credited as part of the gain/loss on disposals	-1,799		1,799		

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15 continued	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Pensions Reserve					
Net charge made for retirement benefits debited or credited to the CIES	21,774				-21,774
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	-55				55
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	-151				151
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	1,786				-1,786
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	-1,431				1,431
Total	75,948	0	1,930	-4,920	-72,958

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14	County Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Unapplied £'000	Capital Grants & Contbns 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
Adjustments primarily involving the Pensions Reserve Net charge made for retirement benefits debited or credited to the CIES	23,209				-23,209
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	-72				72
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	-2,171				2,171
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	1,030				-1,030
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	-1,086				1,086
Total	53,225	0	3,531	410	-57,166

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:

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

Reconciliation to Cost of Services in Comprehensive Income and Expenditure Statement

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.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation to Subjective Analysis

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.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative figures for 2013/14 for the directorate analysis and reconciliations are set out below.

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

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

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
Pension interest costs and expected return on assets						0	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

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 Adult Social Care and Children's and Education Services. Figures for 2013/14 have been allocated to the 2014/14 SeRCOP mandatory categories for comparative purposes.

Service	Division of Service	2013/14 £'000	2014/15 £'001
Children's and Education Services	Early Years	9,306	1,612
	Primary schools	16,003	12,214
	Secondary schools	11,295	21,715
	Special schools	-604	1,449
	Services to Young People & Other Community Learners	997	0
	Post-16 provision	33	143
	Other Education And Community Budget	31,899	34,712
	Sure Start Children'S Centres/Flying Start And Early Years	12,454	8,727
	Safeguarding Children and Young People's Services	1,069	2,984
	Services For Young People	12,494	8,286
	Children Looked After	14,814	30,128
	Family Support Services	10,986	13,548
	Youth Justice	813	470
	Asylum Seekers	1,157	1,242
	Other Children's & Family Services	0	63
	Supporting People Services	1826	1,908
		Total Children's and Education Services	124,542
Adult Social Care	Physical Support Adults (18 - 64)	16,270	15,989
	Physical Support Older People (65+)	39,452	41,013
	Sensory Support Adults (16 - 64)	235	141
	Sensory Support Older People (65+)	977	636
	Support With Memory And Cognition Adults (16 - 64)	848	213
	Support With Memory And Cognition Older People (65+)	1,852	1,876
	Learning Disabilities Support Adults (16 - 64)	56,675	57,994
	Learning Disabilities Support Older People (65+)	6,557	6,774
	Mental Health Support Adults (16 - 64)	5,828	5,902
	Mental Health Support Older People (65+)	2,174	2,161
	Short-Term Support: Learning Disability Support - Adults (16 - 64)	285	189
	Short-Term Support: Physical Support - Older People (65+)	970	1,044
	Short-Term Support: Support With Memory Cognition - Older People (65+)	248	260
	Short-Term Support: Learning Disability Support - Older People (65+)	34	22
	Social Support: Substance Misuse Support	407	273
	Social Support: Asylum Seeker Support	46	28
	Social Support: Support To Carers	1,832	1,863
	Social Support: Social Isolation	2,603	2,567
	Assistive Equipment And Technology	5,699	5,169
	Social Care Activities	16,951	16,911
Information And Early Intervention	2,758	2,581	
Commissioning And Service Delivery	20,233	20,654	
Supporting People	5,845	5,819	
	Total Adult Social Care	188,779	190,079

NOTES TO THE CORE FINANCIAL STATEMENTS

Service	Division of Service	2013/14 £'000	2014/15 £'001
Highways & Transport Services	Transport Planning, Policy and Strategy	7,050	8,453
	Structural Maintenance	18,248	17,053
	Environment, Safety and Routine Maintenance	17,558	18,235
	Street Lighting (including energy costs)	4,432	4,593
	Winter Service	1,578	1,888
	Traffic management and Road safety	2,291	2,427
	On Street Parking Service	-2,009	-1,887
	Off Street Parking Service	1,263	-116
	Public Transport	13,245	12,292
		<u>Total Highways & Transport Services</u>	63,656
Environmental & Regulatory Services	Regulatory Services	2,085	2,138
	Flood Defence and Land Drainage	531	528
	Waste Disposal	18,841	17,780
	Trade Waste	-25	-18
	Recycling	5,148	5,407
	Waste Minimisation	275	136
		<u>Total Environmental & Regulatory Services</u>	26,855
Fire and Rescue Services	Fire-fighting and Rescue Operations	27,418	29,113
	Safer Communities	462	189
		<u>Total Fire and Rescue Services</u>	27,880
Cultural & Related Services	Culture & Heritage	2,980	2,971
	Open Spaces	2,217	2,081
	Recreation & Sport	101	110
	Library Service	11,364	12,442
		<u>Total Cultural & Related Services</u>	16,662
Planning Services	Planning Policy	819	768
	Development Control	1,540	1,413
	Economic Development	806	858
	Economic Research	162	67
	Business Support	761	536
	Environmental Initiatives	492	297
	Community Development	0	0
		<u>Total Planning Services</u>	4,580
Public Health	Sexual Health	-1,195	-403
	NHS Health Check Programme	-58	-55
	Health Protection	-66	-19
	National Child Measurement Programme	-63	1
	Public Health Advice	-70	-72
	Obesity	-151	-96
	Physical Activity	-19	-27
	Substance Misuse	-1,621	-593
	Smoking and Tobacco	-182	-25
	Children 15-19 Public Health Programmes	-109	-261
	Miscellaneous Public Health Services	-716	-395
	<u>Total Public Health</u>	-4,250	-1,945

NOTES TO THE CORE FINANCIAL STATEMENTS

Service	Division of Service	2013/14 £'000	2014/15 £'001
Central Services to the Public	Registration Services	559	652
	Emergency Planning	413	427
	Coroners Court Services	868	926
	Local Welfare Assistance Schemes	599	21
	* Elections		7
	* General Grants	1,944	536
	<u>Total Central Services to the Public</u>	4,383	2,569
Other Corporate Services (Incl Strategic Measures)	Democratic Representation & Management	2,705	3,421
	Corporate Management	2,061	2,088
	Non Distributed Costs	-3,503	-6,169
	<u>Total Other Corporate Services</u>	1,263	-660
	Total Net Cost of Services	454,350	468,998

NOTES TO THE CORE FINANCIAL STATEMENTS

7. Dedicated Schools Grant (DSG)

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

Details of the deployment of DSG receivable for 2014/15 (with comparative figures for 2013/14) are as follows:

2013/14				2014/15		
Central Expenditure	ISB	Total		Central Expenditure	ISB	Total
£'000	£'000	£'000		£'000	£'000	£'000
		412,849	Final DSG before academy recoupment			416,212
		-121,646	Less academy figure recouped for the year			-149,458
		291,203	Total DSG after academy recoupment			266,754
		8,898	Brought forward from previous year			11,895
		-2,494	Less carry forward to next year agreed in advance			-5,089
81,642	215,985	297,627	Agreed initial budgeted distribution	87,467	186,093	273,560
		0	In year adjustments			0
81,642	215,985	297,627	Final budget distribution	87,467	186,093	273,560
-72,241		-72,241	Less actual central expenditure	-81,421		-81,421
	-215,985	-215,985	Less actual ISB deployed to schools		-186,093	-186,093
		0	County Council contribution			0
9,401	0	11,895	Carry forward to next year	6,046	0	11,135

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 2014/15 the gross income and expenditure were £1.589m and £1.390m respectively (2013/14 £1.611m and £1.554m). The County Council's contribution to the pooled budget was £0.490m (£0.511m in 2013/14).

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. A further expansion was agreed in 2014.

For 2014/15, the County Council contributed £104.421m to the pooled budget (2013/14 £103.22m). A summary of the pooled budget memorandum account shows:

2013/14		2014/15		
		Older People & Equipment	Physical Disability	Total
£'000		£'000	£'000	£'000
199,596	Gross income	182,095	19,373	201,468
199,596	Gross expenditure	182,095	19,373	201,468
103,022	Authority's contribution	92,449	11,972	104,421

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 2014/15 the gross income and expenditure were £85.253m and £85.253m respectively (2013/14 £82.411m and £82.411m). The County Council contributed £72.347m to the pooled budget (2013/14 £69.908m)
- The County Council has a pooled budget arrangement with the Oxford Health Trust for the provision of mental health services. The NHS Trust is the lead in this arrangement. In 2014/15 the gross income and expenditure were £10.737m and £10.737m respectively (2013/14 £10.737m and £10.737m). The County Council contributed £2.390m to the pooled budget (£1.802m of which via the mental health commissioning

NOTES TO THE CORE FINANCIAL STATEMENTS

pooled budget) (2013/14 contribution of £2.387m, £1.847m 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 2014/15 the gross income and expenditure were £49.016m and £49.162m respectively (2013/14 £49.978m and £50.033m). The County Council contributed £9.436m to this pool, of which £1.802m was paid to the mental health provision pooled budget. (The County Councils' contribution in 2013/14 was £9.224m, which included £1.847m 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: £237,386
(£291,854 in 2013/14) |
| (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: £852,547 (£699,496 in 2013/14)
Charged to capital : £835,445 (£641,439 in 2013/14) |

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

In 2014/15 the County Council operated ICT services on an agency basis on behalf of Oxford City Council. There were two parts to the agency agreement with Oxford City Council - provision of services and replacement of equipment and ICT infrastructure. The revenue expenditure for 2014/15 was £1,128,357 (£1,204,707 for 2013/14). This was matched by income for 2014/15 of £1,128,357 (£1,204,707 for 2013/14). As in 2013/14, there was no capital expenditure under the agreement. The cost of the capital expenditure has been fully repaid by the City Council, with a final payment of £343,663 in 2013/14.

11. Members' Allowances

Allowances & expenses	2013/14 £'000	2014/15 £'000
Allowances	755	726
Travel & Subsistence	37	40
Total	792	766

The number of councillors was unchanged at 63 in 2014/15. The basic allowance remained unchanged in 2014/15 but Special Responsibility Allowances were amended to better reflect the responsibilities of the relevant roles.

12. Audit and Inspection Fee

The County Council's external auditors are Ernst & Young. The following fees were incurred relating to external audit and grant certification work. Other costs include the Oxfordshire Strategic Financial Case for a Unitary Council (published January 2015).

	2013/14 £'000	2014/15 £'000
Code of Practice Work	146	146
Code of Practice Work - prior year rebates	-20	-15
Statutory Inspection	0	0
Certification of Grant Claims and Returns	1	7
Other Related Costs	1	40
Total	128	178

There was no statutory inspection work in 2013/14 or 2014/15.

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
	2013/14	2013/14	2013/14	2014/15	2014/15	2014/15
50,000-54,999	77	77	154	75	76	151
55,000-59,999	64	62	126	54	49	103
60,000-64,999	33	23	56	34	32	66
65,000-69,999	16	17	33	14	14	28
70,000-74,999	9	8	17	11	17	28
75,000-79,999	8	16	24	1	14	15
80,000-84,999	6	4	10	5	4	9
85,000-89,999	2	3	5	4	2	6
90,000-94,999	2	2	4	1	1	2
95,000-99,999	1	2	3	0	3	3
100,000-104,999	1	0	1	1	2	3
105,000-109,999	0	0	0	0	0	0
110,000-114,999	0	0	0	0	0	0
115,000-119,999	0	0	0	0	0	0
120,000-124,999	1	0	1	0	0	0
125,000-129,999	0	0	0	0	0	0

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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 2014/15					
	Compulsory		Other		Total	
	No.	£'000	No.	£'000	No.	£'000
0 - 19,999	73	572	59	477	132	1,049
20,000 - 39,999	28	832	8	226	36	1,058
40,000 - 59,999	13	592	3	135	16	727
60,000 - 79,999	5	320	0	0	5	320
80,000 - 99,999	1	96	1	85	2	181
100,000 - 149,999	2	262	0	0	2	262
150,000 - 199,999	0	0	0	0	0	0
Total	122	2,674	71	923	193	3,597
Add new provisions created						82
Less amounts provided for in previous year						0
Add unused amount of previous year's provision						0
Adjust for differences between payments and accruals						-155
Total cost of exit packages in the Comprehensive Income and Expenditure Statement						3,524

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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 2013/14.

	2013/14		2014/15	
	Plant, vehicles & equipment	Land and buildings	Plant, vehicles & equipment	Land and buildings
	£'000	£'000	£'000	£'000
Minimum lease payments charged in year	1,267	3,278	967	2,162
Contingent rents charged in year	388	125	458	111
Sublease payments received in year	0	-61	0	-57
Future minimum lease payments:				
Within 1 year	907	2,406	828	1,823
Within 2nd - 5th years	1,715	5,590	1,407	4,367
6th year and beyond	106	5,925	20	1,907
Total commitments	2,728	13,921	2,255	8,097
Total future sublease payments receivable	0	-143	0	-137

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 2013/14. 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

	2013/14		2014/15	
	Plant, vehicles & equipment £'000	Land and buildings £'000	Plant, vehicles & equipment £'000	Land and buildings £'000
Minimum lease payments receivable in year	0	1,302	0	1,229
Contingent rents receivable in year	0	879	0	671
Future minimum lease payments receivable:				
Within 1 year	0	935	0	911
Within 2nd - 5th years	0	2,380	0	2,268
6th year and beyond	0	19,465	0	18,924
Total receivable	0	22,780	0	22,103

Contingent rents for 2013/14 and 2014/15 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.

	2013/14 £'000	2014/15 £'000
Capital receipts	-3,056	-1,852
Disposal costs charged against capital receipts	95	52
Net capital receipts	-2,961	-1,800
Other receipts	-53	-65
	-3,014	-1,865
Carrying value of non-current assets derecognised	74,848	110,788
Disposal costs charged to the County Fund	105	26
	74,953	110,814
Gain(-) or loss (+) on derecognition	71,939	108,949
Adjustments between accounting basis and funding basis	-71,887	-108,991
Net charge to County Fund	52	-42

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:

	2013/14 £'000	2014/15 £'000
Surplus/deficit on trading operations	655	612
Interest payable and similar charges	20,858	20,801
Interest receivable and similar income	-3,312	-2,730
Income and expenditure in relation to investment properties and changes in their fair value	-1,133	-547
Net pensions interest expense	24,811	27,810
Net fire-fighters Pension Fund Top-Up Grant	-2,313	-2,564
Total Financing and Investment Income & Expenditure	39,566	43,382

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 2014/15 are as follows:

2013/14		2014/15		
Surplus (-) / Deficit £'000	Trading Unit	Turnover £'000	Expenditure £'000	Surplus (-) / Deficit (+) £'000
-88	Central Support Services Provision of financial, legal, personnel, IT, printing and other support to services within the authority	52,539	52,539	0
243	Property & Facilities Corporate landlord, property support services and facilities management for Council establishments	25,029	25,029	0
500	Integrated Transport Unit Provision of transport for adult social care clients and home to school transport	23,393	24,005	612
655	Total	100,961	101,573	612

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative figures for 2013/14 are as follows:

	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
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
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

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 134 onwards.

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

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

Employer contributions are set every 3 years as a result of the actuarial valuation of the Fund required by regulations. The latest actuarial valuation was at 31 March 2013 and set the contribution rates for the period 1 April 2014 to 31 March 2017. The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The total contributions expected to be made by the County Council to the Local Government Pension Scheme (LGPS) in 2015/16 are £29.681m for funded benefits (£28.932m in 2014/15). £1.451m of LGPS unfunded benefits are expected to be paid to beneficiaries in 2015/16 (£1.418m in 2014/15). For 2014/15 the estimated duration of the County Council's liabilities is 18 years for funded benefits and 10 years for unfunded benefits (18 years and 9 years respectively for 2013/14).

The County Council currently participates in the Oxfordshire County Council pool with 29 other employers, including academy schools and other councils, in order to share experience of risks they are exposed to in the Fund. At the 2013 valuation, the deficit on the whole pool was calculated and allocated to each employer in proportion to their liabilities. The next re-

allocation will be carried out at the 2016 valuation, should the employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

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

Curtailment costs arise as a result of the payment of unreduced pensions on early retirement. The capitalised cost of the additional benefits relative to those reserved for under IAS19 is £0.411m for 2014/15 (£0.547m for 2013/14). 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 £7.441m.

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. The Firefighter's Pension Scheme 2015 came into affect from 1 April 2015 and any benefits accrued from this date will be based on career average revalued salaries. Exceptions will be for those members that have transitional protection in their existing scheme until retirement or until their transitional protection ends, whichever is earlier.

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 130 to 136. Employer contributions are set every four years as a result of the combined actuarial valuation of the fire-fighters' pension schemes required by the Department for Communities and Local Government on behalf of the Secretary of State. The last completed actuarial valuation was at 31 March 2012 and set contributions for the period from 1 April 2015 to 31 March 2019. The next actuarial valuation will be carried out as at 31 March 2016.

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

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 2015/16 are £4.180m (£3.823m in 2014/15). £0.353m of injury/ill health retirement benefits are expected to be paid to beneficiaries in 2015/16 (£0.336m in 2014/15). The estimated duration of the County Council's combined liabilities for the fire-fighters' scheme for 2014/15 is 22 years (22 years for 2013/14).

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 came into effect from 1 April 2015. Any benefits accrued from this date are 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 2014/15 the County Council paid £14.373m in employer contributions to the Teachers' Pension Scheme (2013/14 £16.454m) – the amount has reduced because of schools converting to academy trusts. This represents about 0.4% of the total contributions to the Teachers' Pension Scheme by all participating employers. The employer contribution rate for 2014/15 was 14.1% (14.1% in 2013/14). As at 31 March 2015 there was £1.931m owed to the Teachers' Pension Scheme in respect of accrued pensions contributions (£2.102m in 2013/14). The total contributions expected to be made by the County Council to the Teachers' Pension Scheme in 2015/16 are £14.470m (£14.574m in 2014/15). The employers' contribution rate is set to rise to 16.48% 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 £3.791m in 2015/16 (£3.785m in 2014/15). The estimated duration of the County Council's liabilities for teachers added years benefits for 2014/15 is 9 years (11 years for 2013/14).

There are no curtailments or settlements to report relating to teachers 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. 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 2014/15 the County Council paid £0.108m 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 2014/15 was 14.0%. As at 31 March 2015 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 2015/16 are £0.181m.

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

	Local Government Pension Scheme		Fire Fighters' Pension Schemes		Teacher's Added Years		Total	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement								
<u>Cost of Services</u>								
Current service cost	39,280	35,768	4,150	4,822	0	0	43,430	40,590
Past service costs	547	370	0	0	0	0	547	370
(Gain)/loss from settlements	-5,821	-7,441	0	0	0	0	-5,821	-7,441
Administration Expenses	413	836	0	0	0	0	413	836
	34,419	29,533	4,150	4,822	0	0	38,569	34,355
<u>Financing and Investment Income & Expenditure</u>								
Net Interest expense	16,994	18,355	6,705	7,440	1,112	2,015	24,811	27,810
Government Top-Up Grant/Surplus payable to Government	0	0	-2,313	-2,564	0	0	-2,313	-2,564
	51,413	47,888	8,542	9,698	1,112	2,015	61,067	59,601
<u>Surplus/Deficit on the Provision of Services</u>								
<u>Other Comprehensive Income and Expenditure</u>								
Return on plan assets	-4,027	-60,302	0	0	0	0	-4,027	-60,302
Actuarial gains (-) and losses (+) from demographic assumptions	42,860	0	0	0	5,433	0	48,293	0
Actuarial gains (-) and losses (+) from financial assumptions	64,574	163,808	10,207	28,314	-7,262	3,810	67,519	195,932
Experience gains (-) and losses (+)	-52,716	3,196	0	0	9,811	-5,409	-42,905	-2,213
Other actuarial gains (-) and losses (+)	-26,260	0	0	0	0	0	-26,260	0
Total retirement benefits charged to the Comprehensive Income and Expenditure Statement	75,844	154,590	18,749	38,012	9,094	416	103,687	193,018
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	-19,399	-15,840	-6,207	-7,443	2,397	1,510	-23,209	-21,773
Actual amount charged against the County Fund Balance for pensions in the year:								
Employer's contributions payable to the scheme	32,014	32,048	2,002	1,910	0	0	34,016	33,958
Retirement benefits payable to pensioners	0	0	333	345	3,509	3,525	3,842	3,870

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2013/14 £'000	2014/15 £'000
Present value liabilities:		
Local Government Pension Scheme (funded benefits)	1,240,802	1,452,291
Local Government Pension Scheme (unfunded benefits)	17,587	21,095
Fire-fighters' 1992 Pension Scheme	151,443	180,344
Fire-fighters' 2006 Pension Scheme	9,930	15,572
Fire-fighters' Injury Pensions	6,142	7,355
Teachers' Added Years	55,608	52,500
Total present value liabilities	1,481,512	1,729,157
Fair value of assets in the Local Government Pension Scheme	814,700	907,154
Net liabilities in the scheme:		
Local Government Pension Scheme (funded)	426,102	545,137
Local Government Pension Scheme (unfunded)	17,587	21,095
Fire-fighters' 1992 Pension Scheme	151,443	180,344
Fire-fighters' 2006 Pension Scheme	9,930	15,572
Fire-fighters' Injury Pensions	6,142	7,355
Teachers' Added Years	55,608	52,500
Total Net Liabilities	666,812	822,003

The total net liability of £822,003m (2013/14 £666,812m) 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 90% (2013/14 71%). 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

Liabilities	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years		Total	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance at 1 April	1,130,076	1,240,802	20,843	17,587	151,101	167,515	50,023	55,608	1,352,043	1,481,512
Current service cost	39,280	35,768	0	0	4,150	4,822	0	0	43,430	40,590
Interest expense	51,043	53,499	483	608	6,705	7,440	1,112	2,015	59,343	63,562
Contributions by scheme participants	9,562	9,868	0	0	1,320	1,393	0	0	10,882	11,261
Actuarial gains and losses - demographic assumptions	41,126	0	1,734	0	0	0	5,433	0	48,293	0
Actuarial gains and losses - financial assumptions	66,218	162,670	-1,644	1,138	10,207	28,314	-7,262	3,810	67,519	195,932
Experience gains and losses	-50,305	0	-2,411	3,196	0	0	9,811	-5,409	-42,905	-2,213
Other actuarial gains and losses	0	0	0	0	0	0	0	0	0	0
Benefits paid	-35,961	-38,245	-1,418	-1,434	-3,655	-3,649	-3,509	-3,524	-44,543	-46,852
Past service costs	547	370	0	0	0	0	0	0	547	370
(Gain)/loss from settlements	-10,784	-12,441	0	0	0	0	0	0	-10,784	-12,441
Fire-fighters pension scheme top-up grant	0	0	0	0	-2,313	-2,564	0	0	-2,313	-2,564
Closing balance at 31 March	1,240,802	1,452,291	17,587	21,095	167,515	203,271	55,608	52,500	1,481,512	1,729,157

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	2013/14 £'000	2014/15 £'000
Opening balance at 1 April	751,060	814,700
Interest income	34,532	35,752
Return on plan assets	4,027	60,302
Other actuarial gains and losses	26,260	0
Administration expenses	-413	-836
Employer contributions	30,596	30,613
Contributions by scheme participants	9,562	9,868
Benefits paid	-35,961	-38,245
Settlements received/(paid)	-4,963	-5,000
Closing balance at 31 March	814,700	907,154

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

Assets	At 31 March 2014			At 31 March 2015		
	£'000	£'000	%	£'000	£'000	%
Equities*						
UK investments	249,644		31%	300,446		33%
Overseas investments	255,191		31%	312,709		34%
Private equities of unspecified origin	49,929		6%	0		0%
		554,764			613,155	
Gilts						
UK fixed interest government securities	38,181		5%	88,682		10%
Overseas fixed interest government securities	16,643		2%	19,467		2%
UK index-linked government securities	43,075		5%	0		0%
		97,899			108,149	
Other bonds						
UK corporate bonds	26,106		3%	27,001		3%
Overseas corporate bonds	6,527		1%	6,333		1%
		32,633			33,334	
Property		40,791	5%		56,058	6%
Cash		40,791	5%		24,733	3%
Limited Liability Partnerships		32,633	4%		30,652	3%
Hedge Funds		16,317	2%		258	0%
Diversified Growth Fund		0	0%		42,093	5%
Total		815,828	100%		908,432	100%

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	Local Government Pension Scheme (funded)		Local Government Pension Scheme (unfunded)		Fire-fighters' Pension Schemes		Teachers Added Years	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Longevity assumptions:								
Base Table*	S1PA with a 95% multiplier	S1PA with a 95% multiplier	S1PA with a 95% multiplier	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	S1PA with a 95% multiplier
Men:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.00%	1.00%	1.50%	1.50%
Longevity from 65 (currently aged 65) (yrs)	23.2	23.3	23.2	23.3	19.3	19.4	23.2	23.3
Longevity from 65 (currently aged 45) (yrs)	25.4	25.5	25.4	25.5	21.2	21.3	25.4	25.5
Women:								
Rate of improvement	1.50%	1.50%	1.50%	1.50%	1.00%	1.00%	1.50%	1.50%
Longevity from 65 (currently aged 65) (yrs)	25.5	25.7	25.5	25.7	23.3	23.4	25.5	25.7
Longevity from 65 (currently aged 45) (yrs)	27.9	28.0	27.9	28.0	25.2	25.2	27.9	28.0
Financial Assumptions:								
Retail Price Index (RPI) increases	3.6%	3.2%	3.2%	2.7%	3.7%	3.3%	3.3%	2.7%
Consumer Price Index (CPI) increases	2.8%	2.4%	2.4%	1.9%	2.9%	2.5%	2.5%	1.9%
Rate of increase in salaries	4.6%	4.2%	4.2%	n/a	5.1%	4.7%	4.7%	n/a
Rate of increase in pensions and deferred pensions	2.8%	2.4%	2.4%	1.9%	2.9%	2.5%	2.5%	1.9%
Rate for discounting scheme liabilities	4.4%	3.3%	3.6%	2.5%	4.5%	3.4%	3.9%	2.4%

*Explanations of abbreviations are given in the glossary

NOTES TO THE CORE FINANCIAL STATEMENTS

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	-24,602	25,050	-196	199	-4,285	4,381	-444	448
Change in Projected Service Cost	-925	947	-	-	-	-	-	-
0.1% adjustment to pension increase:								
Change in Present Value of Scheme Liabilities	22,877	-22,479	200	-198	2,412	-2,367	450	-447
Change in Projected Service Cost	933	-914	-	-	-	-	-	-
0.1% adjustment to long term salary increase:								
Change in Present Value of Scheme Liabilities	2,370	-2,361	0	0	2,003	-1,959	0	0
Change in Projected Service Cost	21	-21	-	-	-	-	-	-
1 year adjustment to mortality age rating assumption:								
Change in Present Value of Scheme Liabilities	-50,011	50,447	-753	760	-7,788	7,890	-1,790	1,806
Change in Projected Service Cost	-1,441	1,454	-	-	-	-	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	2013/14 £'000	2014/15 £'000
Balance as at 1 April	-600,983	-666,812
Net charge made for retirement benefits in accordance with IAS19	-23,209	-21,774
Remeasurements of the net defined liability	-42,620	-133,417
Balance as at 31 March	-666,812	-822,003

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:

	2013/14 £'000	2014/15 £'000
Council Tax income	275,384	284,813
Non-domestic rates	26,227	26,802
Non-ringfenced government grants	150,076	133,818
Capital grants and contributions	59,534	83,680
Total Taxation and Non-Specific Grant Income	511,221	529,113

The Business Rates Retention Scheme was introduced in April 2013. The County Council now receives a 10% share of the business rates collected by the Oxfordshire district councils, rather than a share of the nationally pooled non-domestic rates. 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 reduced the income from council tax and is 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:

	2013/14 £'000	2014/15 £'000
Revenue Support Grant	94,561	80,623
Business Rates Top-Up Grant	35,694	36,390
Education Services Grant	8,045	7,028
Severe Weather Recovery Grant	3,027	0
New Homes Bonus	1,662	2,387
Adoption Reform Grant	1,612	597
Troubled Families Grant	1,224	1,126
Other revenue grants	4,251	5,667
Capital grants	53,305	74,023
Developer contributions	6,018	9,360
Other capital contributions	211	297
Donated assets	0	0
Total	209,610	217,498

Credited to Services:

Severe Weather Recovery Grant was a one – off grant received in March 2014 to help repair damage to highways arising from the severe weather and flooding in Oxfordshire in late 2013 and early 2014.

Credited to Services:

	2013/14 £'000	2014/15 £'000
Dedicated Schools Grant	291,223	266,754
Public Health Grant	25,264	26,086
Pupil Premium Grant	9,382	11,350
Sixth Form Funding	7,241	5,124
Adult Learning	4,091	3,165
Local Sustainable Transport Fund Resource Grant	1,145	784
PE & Sports Grant	1,169	1,721
Asylum Seekers	797	1,053
Section 31 Grant - Business Rates and Other Reliefs		1,551
Regional Growth Fund (Local Enterprise Partnership)		1,553
Universal Infant Free School Meals		4,052
Other grants (Asylum Seekers disclosed separately above)	4,016	9,148
Total	344,328	332,341

23. Related Party Transactions

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

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 58 on Cash Flow Statement – Operating Activities summarises the main transactions with central government and details of revenue government grant receipts are provided in Note 61.

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 £0.99m and £0.015m respectively in 2014/15. The councillor took no part in any decisions to award funding or make payments to these bodies. 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 2015, the County Council made employer contributions totalling £30.816m to the Fund (£30.690m in 2013/14). The County Council charged the Fund £1.042m (£0.960m in 2013/14) for expenses incurred in administering the Fund. As at 31 March 2015 £3.282m was due to the Pension Fund and £0.066m by the Pension Fund (£2.378m and £0.058m respectively as at 31 March 2014).

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 2014/15 are as follows (this includes members who retired or who were not re-elected at the May 2014 District Council elections):

<u>Oxford City</u>	<u>South Oxfordshire</u>	<u>West Oxfordshire</u>
Jean Fooks	Mark Gray	Louise Chapman
Mark Lygo	Steve Harrod	Pete Handley
Susanna Pressel	Neville Harris	Hilary Hibbert-Biles
Gill Sanders	Anne Purse	Simon Hoare
Val Smith (deceased)		Richard Langridge
John Tanner		Neil Owen
David Williams		

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

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

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

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

No other related parties have been identified.

NOTES TO THE CORE FINANCIAL STATEMENTS

24. Movement of Property, Plant and Equipment

2014/15	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Cost or valuation as at 1 April	696,263	116,698	445,453	4,642	12,585	1,275,641	17,520
Additions	14,812	1,576	31,893	204	25,073	73,558	769
Donations							
Revaluation increases recognised in the Revaluation Reserve	30,458			529		30,987	41
Revaluation decreases recognised in the Revaluation Reserve	-3,067					-3,067	
Revaluation increases recognised in the Surplus/Deficit on Provision of Services	8,806			5		8,811	9
Revaluation decreases recognised in the Surplus/Deficit on Provision of Services	-11,949					-11,949	
Derecognition - disposals		-1,096				-1,096	
Derecognition - other	-90,484	-29,781		-1,280		-121,545	-769
Assets reclassified to / from Held for Sale				-1,300		-1,300	
Assets reclassified to / from Investment Properties	-52			-96		-148	
Assets reclassified to / from Intangible Assets							
Transfers	-23,931	27,453	2,562		-6,084		
Other movements in cost or valuation							
Cost or Valuation as at 31 March	620,856	114,850	479,908	2,704	31,574	1,249,892	17,570
Depreciation as at 1 April	-1,793	-30,742	-109,696	-1		-142,232	-1
Depreciation charge	-8,482	-6,885	-12,811	-47		-28,225	-219
Depreciation written out to the Revaluation Reserve	7,215			18		7,233	
Depreciation written out to the Surplus/Deficit on Provision of Services	2,419			30		2,449	
Derecognition - disposals		1,010				1,010	
Derecognition - other	1,319	11,091				12,410	1

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15 Continued	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000	Service Concession assets included in PPE £'000
Assets reclassified to / from Held for Sale							
Assets reclassified to / from Investment Properties							
Assets reclassified to / from Intangible Assets							
Depreciation on transfer	-2,212	2,212					
Other movements in depreciation							
Depreciation as at 31 March	-1,534	-23,314	-122,507			-147,355	-219
Impairment as at 1 April	-222	-140				-362	
Impairment losses recognised in the Revaluation Reserve	-2,606			-122		-2,728	
Impairment loss reversals recognised in the Revaluation Reserve							
Impairment losses recognised in the Surplus/Deficit on Provision of Services	-2,835	-453		-82		-3,370	
Impairment loss reversals recognised in the Surplus/Deficit on Provision of Services							
Impairment written out to the Revaluation Reserve	3,651			184		3,835	
Impairment written out to the Surplus/Deficit on Provision of Services	1,821			20		1,841	
Derecognition - disposals							
Derecognition - other							
Assets reclassified to / from Held for Sale							
Impairment on transfer	-3	3					
Other movements in impairment							
Impairment as at 31 March	-194	-590				-784	
Net Book Value at 31 March 2014	694,248	85,816	335,757	4,641	12,585	1,133,047	17,519
Net Book Value at 31 March 2015	619,128	90,946	357,401	2,704	31,574	1,101,753	17,351

NOTES TO THE CORE FINANCIAL STATEMENTS

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							
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							
Transfers	-15,825	20,435	1,716	225	-6,551		
Other movements in cost or valuation							
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		-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							
Assets reclassified to / from Investment Properties							
Assets reclassified to / from Intangible Assets							
Depreciation on transfer	-361	361					
Other movements in depreciation							
Depreciation as at 31 March	-1,793	-30,742	-109,696	-1		-142,232	-1
Impairment as at 1 April	-268	-140				-408	
Impairment losses recognised in the Revaluation Reserve	-2,634			-347		-2,981	
Impairment loss reversals recognised in the Revaluation Reserve							
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							
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							
Derecognition - other		3,903				3,903	
Assets reclassified to / from Held for Sale							
Impairment on transfer							
Other movements in impairment							
Impairment as at 31 March	-222	-140				-362	
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

25. Movement in the Fair Value of Investment Properties

	2013/14		2014/15	
	Non-Current	Current	Non-Current	Current
	£'000	£'000	£'000	£'000
Balance at 1 April	5,151	535	7,190	0
Derecognition		-555	-277	
Net gains (+)/losses (-) from fair value adjustments	1058	20	508	
Assets reclassified to / from Investment Properties	981		148	
Balance at 31 March	7,190	0	7,569	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

2013/14 £'000		2014/15 £'000
0	Balance at 1 April	76
	Assets newly classified as held for sale:	
2674	- Property, Plant and Equipment	1,300
-1,473	Revaluation losses	3
	Impairment losses	
	Assets declassified as held for sale:	
	- Property, Plant and Equipment	
-1,125	Assets derecognised	-1,300
	Additions	
76	Balance at 31 March	79

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 2014/15 (nil in 2013/14). The movement in the carrying value of intangible assets for the year was as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14 £'000	2014/15 £'000
Gross Carrying Value at 1 April	5,661	3,810
Additions		
Assets reclassified to/from Intangible Assets		
Derecognition	-1,851	0
Gross Carrying Value at 31 March	3,810	3,810
Amortisation at 1 April	-4,061	-3,098
Amortisation for the year	-718	-294
Depreciation on reclassification to/from Intangible Assets		0
Amortisation on derecognition	1,681	0
Amortisation at 31 March	-3,098	-3,392
Impairment at 1 April	0	0
Impairment for the year	-168	0
Impairment on reclassification to/from Intangible Assets		
Impairment on Derecognition	168	0
Impairment at 31 March	0	0
Net Book at 1 April	1,600	712
Net Book Value at 31 March	712	418

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

Service line	2013/14 £'000	2014/15 £'000
Children's and Education Services	311	109
Adult Social Care	177	89
Highways and Transport Services	82	52
Fire and Rescue Services	28	10
Environmental and Regulatory Services	33	1
Public Health	0	1
Cultural and Related Services	61	22
Planning Services	5	0
Central Services to the Public	12	7
Other Corporate Services	9	3
Total	718	294

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 41,751 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 48,431 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 8,633 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 7,916 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 secondary and special schools were revalued as at 1 April 2014.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

In 2014/15 it was agreed that Oxfordshire Care Partnership would continue to operate the homes until the end of 2031/32 (the end of the financing arrangements for the new homes). However it was agreed that there would be no fixed purchase obligations during the years 2027/28 to 2031/32 other than the obligation of both parties to maintain existing placements as at 31 March 2027.

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:

	2013/14 £'000	2014/15 £'000
Balance at 1 April	27,868	27,181
Increase in liability in the year		
Liability repaid in the year	-687	-739
Balance at 31 March	27,181	26,442

Details of payments due to be made under the service concession arrangement are as follows, with comparative figures for 2013/14 provided below. These are based on the current financial model and may change as a result of the current review of the contract.

2014/15	Service Costs	Principal Repayments	Interest Costs	Lifecycle Replacement Payments	Total
	£'000	£'000	£'000	£'000	£'000
Within 1 Year	13,498	795	2,014	702	17,009
2 -5 Years	58,999	3,834	7,403	3,102	73,338
6 - 10 Years	87,510	6,679	7,367	4,628	106,184
11 -15 Years	26,238	15,134	3,074	3,245	47,691
Total	186,244	26,442	19,858	11,677	244,221

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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:

	At 31 March 2014 £'000	At 31 March 2015 £'000
Vehicles, plant and equipment	145	57

Contingent rents recognised as an expense in 2014/15 totalled £0.018m (£0.005m in 2013/14).

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

	At 31 March 2014 £'000	At 31 March 2015 £'000
Finance lease liabilities	147	51
Finance costs payable in future years	6	0
Total future minimum lease payments	153	51

The minimum lease payments are payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	At 31 March 2014 £'000	At 31 March 2015 £'000	At 31 March 2014 £'000	At 31 March 2015 £'000
	Within 1 year	93	20	89
Within 2nd - 5th years	59	31	58	31
6th year and beyond	0	0	0	0
Total	152	51	147	51

32. Capital Spending 2014/15

The County Council's total capital spend for 2014/15 was £95.409m, which included £4.269m of structural repairs and maintenance of buildings, structural highways maintenance, purchase of vehicles/equipment and ICT and £17.830m of work in progress as at 31 March 2015.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Spending	£'000	£'000
Children, Education & Families		
Oxford Bayards Hill Primary School	3,666	
SEN Provision - Residential School (Endeavour Academy)	4,120	
Oxford St Christopher's Primary School	1,814	
Wolvercote Primary School	660	
Botley Primary School	766	
Henley Badgemore Primary School	1,325	
Oxford, Cutteslowe Primary School	665	
Oxford, St Ebbe's Primary School	1,061	
Oxford, St Joseph's Primary School	1,067	
Wantage, Charlton Primary School	616	
Oxford, St Gregory the Great	2,931	
Bicester, South West Primary School	2,922	
Didcot University Technical College	502	
Witney Wood Green Primary Roof Replacement	788	
Devolved Formula Capital	3,097	
Retentions	281	
Schemes under £500,000	10,820	
Total Children, Education & Families		37,100
Social & Community Services		
Schemes under £500,000	1,824	
Total Social & Community Services		1,824
Environment & Economy Transport		
Didcot, Milton Interchange Improvement	2,721	
A34 Chilton Interchange Improvements	887	
Kennington Roundabout Improvement	5,866	
Didcot Parkway Station Interchange	692	
Carriageway Programme (Non-Principal Roads)	4,270	
Footways Programme	1,069	
Routine Surface Dressing	1,865	
Combined Safety Schemes	919	
Routine pre-patching	820	
Oxford, Frideswide Square	1,937	
A4130 Bix Dual Carriageway	3,735	
A420 Shrivenham Bypass	2,793	
Street Lighting Column Replacement	517	
Department for Transport Funded Schemes	1,160	
Edge Strengthening	892	
Oxford, London Road Bus Lane	967	
Harwell Link Road Section 1 B4493 to A417	805	
Harwell Link Road Section 2 Hagbourne Hill	1,357	
Featherbed Lane and Steventon Lights	1,317	
Oxford, The Plain, cycle improvement	897	
Witney Ducklington Lane/Station Lane Junction	2,053	
Schemes under £500,000	5,546	
Total Environment & Economy Transport		43,084

NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Spending	£'000	£'000
Environment & Economy Other		
Better Broadband	6,143	
Asset Strategy Implementation, County Hall	605	
Asset Strategy Implementation, Abbey House	1,501	
Schemes under £500,000	634	
Total Environment & Economy Other		8,883
Chief Executive's Office		
Schemes under £500,000	248	
Total Chief Executive's Office		248
Sub Total Capital Programme		91,140
Capitalised Structural Repairs & Maintenance of Buildings		1,060
Capitalised Purchase of Vehicles / Equipment		373
Capitalised Structural Maintenance of Highways		2,479
Capitalised ICT		357
Sub Total		4,269
Total		95,409

Summary of capital expenditure

Capital expenditure by asset class is as follows:

	2013/14 £'000	2014/15 £'000
Property, Plant and Equipment	52,476	73,558
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	15,516	22,618
Capital loans	32	1
Repayment of capital grants and contributions	68,024	96,177
Less assets acquired under service concession arrangements	0	0
Less assets transferred from capital prepayment account	-771	-768
Less assets acquired under finance leases	-52	0
Total capital expenditure	67,201	95,409

NOTES TO THE CORE FINANCIAL STATEMENTS

33. Capital Financing

The capital expenditure of £95.409m has been financed from the following sources:

	2013/14 £'000	2014/15 £'000
Prudential and other unsupported borrowing	1,221	373
Grants & Contributions	58,771	88,428
Revenue	7,209	6,607
Total	67,201	95,409

34. 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:

	2013/14 £'000	2014/15 £'000
Capital Financing Requirement as at 1 April	438,761	422,896
New supported borrowing	1	0
New unsupported borrowing	1,221	373
Assets acquired under service concession arrangements	0	0
Assets acquired under finance leases	52	0
Service concession arrangements - lifecycle prepayments	482	676
Residual interest - asset accumulation prepayments	43	43
Loan repayments and fair value adjustments	382	12
Reduction in underlying need to borrow arising from derecognition of finance leases	0	-8
Minimum Revenue Provision for the year	-18,046	-17,694
Increase (+)/decrease (-) in Capital Financing Requirement	-15,865	-16,598
Capital Financing Requirement as at 31 March	422,896	406,298

NOTES TO THE CORE FINANCIAL STATEMENTS

35. Capital Commitments

As at 31 March 2015 the Council was contractually committed to £42.451m (£31.933m as at 31 March 2014) on the following schemes:

	2014/15	
	£'000	
Children, Education & Families		
Banbury, Frank Wise School	1,611	
Oxford, Wolvercote Primary School	1,923	
Wantage, Charlton Primary School	972	
Oxford, Windmill First School	1,578	
Henley, Badgemore Common	743	
Bicester, South West Primary School	3,964	
Bletchington Relocation & Expansion	695	
Didcot University Technical College	1,500	
Oxford, Bayards Hill Primary School	657	
Schemes under £500,000	2,129	
		15,772
Social & Community Services		
Schemes under £500,000	0	
		0
Environment & Economy		
Bicester Park & Ride	863	
Didcot, Milton Interchange Improvement	5,805	
Surface Patching	850	
Edge Strengthening	609	
Oxford, Frideswide Square	3,108	
Footway HAMP Scheme	705	
Structural Patching	1,450	
Better Broadband	9,131	
Schemes under £500,000	4,145	
		26,666
Chief Executive's Office		
Schemes under £500,000	13	
		13
TOTAL		42,451

As at 31 March 2015 there were no commitments relating to investment property or intangible assets.

36. 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

NOTES TO THE CORE FINANCIAL STATEMENTS

concession arrangements. The Code specifies the categorisation of these assets (see pages 30 – 32 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:

	Long-Term		Current	
	At 31 March 2014	At 31 March 2015	At 31 March 2014	At 31 March 2015
	£'000	£'000	£'000	£'000
Loans and receivables	88,985	49,836	227,074	250,000
Available-for-sale financial assets	0	0	47,015	98,409
Financial assets at fair value through profit and loss	0	0	0	0
Total Financial Assets	88,985	49,836	274,089	348,409
Financial liabilities at amortised cost	410,883	394,061	91,692	116,550
Total Financial Liabilities	410,883	394,061	91,692	116,550

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 £8.671m of loans and receivables as at 31 March 2015 secured on property (£8.018m at 31 March 2014). Of this, £1.393m was new in 2014/15 (£2.364m in 2013/14). 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 2015, 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:

	2013/14 £'000	2014/15 £'000
Balance as at 1 April	4,728	4,722
Nominal value of new loans granted	448	337
Fair value adjustment on initial recognition	-2	-9
Loans repaid during the year	-601	-166
Impairment losses recognised	0	-3
Interest credited to the Surplus/Deficit on Provision of Services	80	60
Other changes	69	2
Balance as at 31 March	4,722	4,943

NOTES TO THE CORE FINANCIAL STATEMENTS

The soft loans comprise key worker loans for assistance with the purchase of housing, loans under the Children's Act relating to foster care accommodation, loans under the Chronically Sick and Disabled Persons Act for adaptations to homes and deferred payment agreements for clients' care costs. The nominal value of the soft loans as at 31 March 2015 was £4.968m (£4.794m at 31 March 2014).

37. 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 2014		At 31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and receivables	316,059	316,579	299,836	300,326

As at 31 March 2015 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 2014		At 31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities	502,575	521,203	510,611	614,523

As at 31 March 2015 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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

38. Long Term Debtors

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

	At 31 March 2014 £'000	At 31 March 2015 £'000
Key Worker Loans	357	271
Car Loans to Employees	39	19
Chronically Sick & Disabled Persons Act – loans	2,009	1,950
Children’s Act: loans to foster carers	547	573
Other	33	22
	2,985	2,835
Capital Prepayment Account	2,584	2,534
Total	5,569	5,369

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 (£0.769m was transferred in 2014/15). 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

39. Debtors

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

	At 31 March 2014 £'000	At 31 March 2015 £'000
Government Departments	7,496	13,855
Other Local Authorities	9,768	10,473
Health Authorities	2,327	2,179
Public Corporations and Trading funds	20	0
Payments in Advance	4,449	5,763
Sundry	32,327	33,638
	56,387	65,908
Less Impairment Allowance Account	-8,578	-8,740
	47,809	57,168

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 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:

2013/14 £'000		2014/15 £'000
-7,406	Balance at 1 April	-8,578
4	Decrease in allowance	507
-1176	Increase in allowance	-669
-8,578	Balance at 31 March	-8,740

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

40. 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 2014 £'000	At 31 March 2015 £'000
Cash at bank and in hand	-4,146	-8,462
Call Accounts	19,880	0
Money Market Funds	614	30,780
Total	16,348	22,318

41. Risks arising from financial instruments

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

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

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the County Council's debtors. Deposits are restricted to institutions that meet the County Council's minimum credit rating criteria. Deposits are not made to banks or building societies with a FITCH short-term credit rating below F1, long-term rating below A-, 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 2015, 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 2015?	Balance invested as at 31 March 2015						Total		
			Yes/No	Yes/No	Up to 1 month	1-3 months	3 - 6 months	6 – 12 months		1 – 2 years	2 – 3 years
					£'000	£'000	£'000	£'000		£'000	£'000
Banks UK	Yes	Yes	5,000	15,000	5,000	-	-	-	25,000		
Banks non-UK: Singapore	Yes	Yes	10,000	20,000	20,000	10,000	-	-	60,000		
Canada	Yes	Yes	-	-	-	-	-	-	-		
Sweden	Yes	Yes	-	5,000	20,000	-	-	-	25,000		
Australia	Yes	Yes	-	5,000	-	-	-	-	5,000		
Total Banks			15,000	45,000	45,000	10,000	-	-	115,000		
Local Authorities and Police Authorities	Yes	Yes	20,000	15,000	41,000	15,000	35,000	12,000	138,000		
Building Societies - UK	Yes	Yes	5,000	10,000	-	-	-	-	15,000		
Notice Accounts	Yes	Yes	36,558	-	-	-	-	-	36,558		
Short dated Bond Funds	Yes	Yes	21,231	-	-	-	-	-	21,231		
Bond Funds	Yes	Yes	9,840	-	-	-	-	-	9,840		
Money Market Funds	Yes	Yes	30,779	-	-	-	-	-	30,779		
Call Accounts	Yes	Yes	-	-	-	-	-	-	-		
Total			138,408	70,000	86,000	25,000	35,000	12,000	366,408		

NOTES TO THE CORE FINANCIAL STATEMENTS

The above analysis shows that all deposits outstanding as at 31 March 2015 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 £35.963m short-term debtors included in loans and receivables, £20.478m were past due at 31 March 2015 (£20.851m at 31 March 2014). The past due amount can be analysed by age as follows:

	At 31 March 2014 £'000	At 31 March 2015 £'000
Less than 1 month	12,051	8,831
Between 1 and 3 months	2,410	4,668
Between 3 and 6 months	1,826	1,896
Between 6 months and 1 year	1,212	1,627
Between 1 and 3 years	2,381	2,598
Over 3 years	971	858
Total	20,851	20,478

None of these past-due short-term debtors have been individually impaired. An impairment allowance of £1.503m has been provided for past due debtors that are financial instruments based on past experience (£1.218m at 31 March 2014). This is the County Council's estimate of maximum exposure to uncollectability. £1.361m 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 2014 £'000		At 31 March 2015			
		Fixed Rate Borrowing £'000	Variable Rate Borrowing £'000	Other Finance Liabilities £'000	Total £'000
22,239	Less than 1 year	9,479	25,829	759	36,068
16,818	Between 1 and 2 years	8,000	5,000	812	13,812
72,803	Between 2 and 5 years	44,000	20,000	3,849	67,849
50,207	Between 5 and 10 years	40,000	0	6,679	46,679
271,055	More than 10 years	251,383	0	15,133	266,516
433,122		352,862	50,829	27,232	430,923

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:

	2013/14 £'000	2014/15 £'000
Increase in interest payable on new borrowings	0	0
Increase in interest receivable on variable and structured investments	-100	0
Increase in interest receivable on fixed rate investments	-1,201	-1,397
Increase in the gain arising from the revaluation of available for sale assets	-359	-612
Impact on Comprehensive Income & Expenditure Statement	-1,660	-2,009

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:

	2013/14 £'000	2014/15 £'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	775	881
Decrease in the gain arising from the revaluation of available for sale assets	221	385
Impact on Comprehensive Income & Expenditure Statement	996	1,267

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.

42. 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 2014 £'000	At 31 March 2015 £'000
Receipts in Advance		
Government Departments	1,054	1,690
Other Local Authorities	19	94
Health Authorities	15	3,379
Public Corporations and Trading Funds	0	0
Sundry	4,423	2,758
	5,511	7,921
Creditors		
Government Departments	10,128	9,323
Other Local Authorities	3,723	4,298
Health Authorities	3,456	2,784
Public Corporations and Trading Funds	7	9
Sundry	62,615	73,927
	79,929	90,341
Long Term Receipts in Advance	2,606	3,273
	88,046	101,535

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.

43. 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 2014	Reclass- ification between short and long term	Additional provisions made in 2014/15	Amounts used in 2014/15	Unused amounts reversed in 2014/15	Balance at 31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Provision due within 1 year						
Insurance	367	570	1,905	-1,851	-344	647
Pooled Budgets	963		30	-10	-299	684
Redundancy	90		82	-46		126
Carbon Commitment Levy	629			-629		0
MMI Scheme of Arrangement	20					20
Highways Schemes	433			-433		0
Business Rates	1,735		1,269			3,004
Joint Use	0		175			175
	4,237	570	3,461	-2,969	-643	4,656
Provision due after 1 year						
Insurance	6,879	-570	3,426	24	-2,289	7,470
Total	11,116	0	6,887	-2,945	-2,932	12,126

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance at 31 March 2013	Reclass- ification between short and long term	Additional provisions made in 2013/14	Amounts used in 2013/14	Unused amounts reversed in 2013/14	Balance at 31 March 2014
	£'000	£'000	£'000	£'000	£'000	£'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
MMI Scheme of Arrangement	466		3	-449		20
Highways Schemes	0		433			433
Business Rates	0		1,735			1,735
	3,080	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	7,706	0	10,747	-5,659	-2,546	11,116

Details of the provisions held at 31 March 2015 are as follows:

- Further information about the insurance provision is provided in Note 45 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 provision reflects the estimated liability for redundancy costs within Children, Education & Families and Cultural Services.
- The Fairer Charging Refunds provision reflected the estimated reimbursement to clients to take account of variations in care costs. This was fully utilised in 2014/15.
- The Carbon Commitment Levy provision reflected the County Council's estimated liability for purchasing carbon allowances under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The County Council was required to purchase and surrender allowances retrospectively, on the basis of carbon dioxide produced as energy is used. The final liability relating to 2013/14 was discharged in 2014/15. The County Council fell out of the CRC Scheme in 2014/15 so no further provision is required.
- 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 £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.
- The Joint Use provision relates to an underpayment for joint use facilities provided by South Oxfordshire District Council.

44. 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 62, 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 two years. In a small number of cases where the final liability is dependent on a long term medical prognosis, the claim may take longer to settle to ensure all the medical facts are known.

45. Deferred Income

The deferred income balance of £3.796m at 31 March 2015 (£4.130m at 31 March 2014) 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.

46. 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 2014/15, split between short term and long term is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

The comparative amounts for 2013/14 are given in the table on the next page:

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

47. 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

48. Earmarked Reserves

Balance at 1 April 2013	Contribution from Reserve	Contribution to Reserve	Balance at 31 March 2014		Balance at 1 April 2014	Contribution from Reserve	Contribution to Reserve	Balance at 31 March 2015
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
26,246	-14,314	12,222	24,154	Local Management of Schools	24,154	-17,474	15,302	21,982
989	-195	496	1,290	Other Schools Reserves	1,290	-1,445	92	-63
2,780	-727	346	2,399	Vehicle and Equipment Reserve	2,399	-662	638	2,375
11,873	-8,124	16,847	20,596	Grants and Contribution Reserve	20,596	-10,003	8,132	18,725
2,134	-1,241	531	1,424	ICT Projects	1,424	-1,021	231	634
0	0	0	0	Government Initiatives	0	0	1,085	1,085
1,027	-552	514	989	CE&F Commercial Services	989	-641	153	501
779	-590	83	272	CE&F Joint working with Police	272	-272	0	0
1,418	-1,448	1,146	1,116	CE&F School Intervention Fund	1,116	-906	240	450
225	-44	20	201	CE&F Foster Carer Loans	201	-138	157	220
600	-600	619	619	CE&F Academies Conversion Support	619	-474	325	470
140	-140		0	CE&F School Amalgamations	0	0	0	0
253	-181	30	102	CE&F Staff Training and Development	102	-102	0	0
850	-532	45	363	CE&F Early Intervention Service Reserve	363	-342	7	28
800		945	1,745	CE&F Thriving Families	1,745	-1,010	1,026	1,761
195	-175		20	CE&F Children's Social Care	20	0	706	726
325	-51	8	282	CE&F Pay Protection Costs	282	-282	0	0
7,469	-5,461	870	2,878	S&CS Older People Pooled Budget Reserve	2,878	-1,178	1,166	2,866
1,311	-267		1,044	S&CS Physical Disabilities Pooled Budget Reserve	1,044	-500	0	544

NOTES TO THE CORE FINANCIAL STATEMENTS

Balance at 1 April 2013 £'000	Contribution from Reserve £'000	Contribution to Reserve £'000	Balance at 31 March 2014 £'000		Balance at 1 April 2014 £'000	Contribution from Reserve £'000	Contribution to Reserve £'000	Balance at 31 March 2015 £'000
204	-204	95	95	S&CS Learning Disabilities Pooled Budget Reserve	95	0	0	95
803	-407	13	409	S&CS Fire Control	409	-369	0	40
161	-32		129	S&CS Fire & Rescue & Emergency Planning Reserve	129	0	0	129
89	-34	101	156	S&CS Community Safety Reserve	156	0	0	156
385			385	EE Highways and Transport Reserve	385	-348	0	37
862	-862	137	137	EE Area Stewardship	137	-137	0	0
2,232	-1,461	1,315	2,086	EE On Street Car Parking	2,086	-1,883	1,242	1,445
20		1	21	EE Countryside Ascott Park - Historical Trail	21	0	0	21
60			60	EE Carbon Reduction	60	-60	0	0
20		277	297	EE SALIX Repayments	297	0	79	376
133	-76		57	EE Oxfordshire Waste Partnership Joint Reserve	57	-57	12	12
704	-32	167	839	EE Dix Pit Engineering Works & WRC Development	839	-109	0	730
3,249	-2,721		528	EE Waste Management	528	-148	0	380
227	-26		201	EE Property Disposal Costs	201	-35	69	235
0		102	102	EE Skills Reward	102	-102	7	7
305	-63	168	410	EE Developer Funding (Revenue)	410	-82	147	475
86	-30		56	EE West End Partnership	56	0	0	56
552		525	1,077	EE Joint Use	1,077	-430	167	814
1,231		363	1,594	EE Catering Investment Fund	1,594	-679	203	1,118
765	-128		637	EE Asset Rationalisation	637	-423	23	237

NOTES TO THE CORE FINANCIAL STATEMENTS

Balance at 1 April 2013 £'000	Contribution from Reserve £'000	Contribution to Reserve £'000	Balance at 31 March 2014 £'000		Balance at 1 April 2014 £'000	Contribution from Reserve £'000	Contribution to Reserve £'000	Balance at 31 March 2015 £'000
191	-80		111	EE Minerals and Waste Project	111	-65	0	46
2,228	-1,285	120	1,063	EE OCS Development Reserves	1,063	-801	0	262
150			150	EE Money Management Reserve	150	-150	0	0
241	-49	6	198	EE Oxfordshire - Buckinghamshire partnership	198	-198	398	398
315	-37		278	EE LABGI Reserve	278	-80	0	198
				EE Oxford Western Conveyance		0	350	350
90	-90	16	16	CEO Big Society Fund	16	-16	0	0
58	-58	58	58	CEO CIPFA Trainees	58	-58	0	0
135	-135		0	CEO Change Management & New Ways of Working	0	0	0	0
133			133	CEO Coroner's Service	133	-93	0	40
536	-536		0	CEO Council Elections	0	0	232	232
553		122	675	CEO Registration Service	675	-271	0	404
1,391	-96	211	1,506	Cultural Services Reserve	1,506	-624	147	1,029
4,736	-1,307	53	3,482	Insurance Reserve	3,482	0	1,034	4,516
3,168	-3,168	1,085	1,085	Carry Forward Reserve	1,085	-1,791	902	196
18,419	-147	1,170	19,442	Capital Reserve	19,442	-106	3,999	23,335
1,559		491	2,050	Rolling Fund Reserve	2,050	0	491	2,541
0	-177	177	0	Financing Capital	0	0	0	0
3,341	-3,341		0	Budget Reserve - 2009/10 to 2013/14	0	0	0	0
17,211		2,182	19,393	Budget Reserve	19,393	-13,960	3,373	8,806
3,384	-1,530	2,399	4,253	Efficiency Reserve	4,253	-2,659	154	1,748
6,326	-96	1,300	7,530	Prudential Borrowing Reserve	7,530	-93	1,461	8,898
135,667	-52,850	47,376	130,193	Total Earmarked Reserves	130,193	-62,277	43,750	111,666

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 2014		Balance at 31 March 2015	
	No. of schools	Balance £'000	No. of schools	Balance £'000
Primary Schools				
Schools in surplus	199	13,186	180	12,632
Schools in deficit	9	-326	13	-225
Secondary Schools				
Schools in surplus	11	4,042	7	1,354
Schools in deficit	1	-31	2	-525
Special Schools				
Schools in surplus	10	1,533	9	1,134
Schools in deficit	0	0	0	0
Sub-Total Revenue	230	18,404	211	14,370
Closed Schools Schools Contingency & Schools Forum		5,750		7,613
Total		24,154		21,982

Other School Reserves

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

Vehicle and Equipment Reserve

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

Grants and Contributions Reserve

This reserve has been set up to hold unspent grants and contributions committed to be spent in future years. £11.136m of the balance at 31 March 2015 relates to the Dedicated Schools Grant. £3.435m of unspent Public Health grant is also held in the reserve.

ICT Projects Reserve

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

Government Initiatives Reserve

The Government Initiatives Reserve was created in 2014/15. It will be used to hold underspends on budgets funded by unringfenced grants held that relate to specific agreed outcomes or the implementation of Government initiatives.

CE&F Commercial Services

This reserve has combined a number of smaller reserves and includes the Oxfordshire Safeguarding Children Board Reserve, which was set up to hold contributions from participants in the Board (the balance will be drawn down as required). Surplus balances from Outdoor Education Centres are also held in the reserve. The Governor Services reserve, holds any surpluses arising on the service to help the service move towards a self-financing basis in future years.

CE&F Joint Working with Police Reserve

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

CE&F School Intervention Fund Reserve

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

CE&F 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 was transferred into the Academies Conversion Support Reserve in 2013/14.

CE&F Staff Training & Development Reserve

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

CE&F Early Intervention Service Reserves

Funding for early intervention projects and equipment.

CE&F Thriving Families Reserve

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

CE&F Children's Social Care Reserve

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

CE&F Pay Protection Costs Reserve

This reserve has been used to support the Medium Term Financial Plan as agreed in the 2015/16 budget.

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 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 and other 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

Used to support 2014/15 expenditure.

EE Area Stewardship Reserve

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

EE On-Street Parking Account Reserve

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

EE Countryside, Ascott Park - Historical Trail Reserve

This reserve has been set up to help fund the maintenance of the historical train as Ascott Park.

EE Carbon Reduction Reserve

This reserve was held to support any unforeseen costs associated with the Carbon Reduction Commitment scheme. That has now finished so the balance has been used to support the Medium Term Financial Plan.

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

The OWP has now ceased so the remaining balance will be used to support waste management projects.

EE Dix Pit Engineering Works & WRC Development Reserve

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

EE Waste Management

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

EE Property Disposal Costs Reserve

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

EE Skills Reward Reserve

This reserve was 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 and administering Section 106 agreements.

EE West End Partnership Reserve

Funding relating to the development of Oxforde's West End.

E&E Joint Use Reserve

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

EE Catering Investment Fund Reserve

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

EE Asset Rationalisation Reserve

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

EE Minerals and Waste Project Reserve

This reserve is to fund the Minerals and Waste Project.

EE OCS Development Reserves

This reserve will be used to develop the Customer Service Centre and the Transforming Oxfordshire Customer Services 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 funding that has been allocated to support the Local Enterprise Partnership.

CEO Big Society Fund Reserve

This reserve held funding for the Big Society Fund. The remaining schemes were completed in 2014/15.

CEO CIPFA Trainees Reserve

This reserve originally provided funding for CIPFA trainees. This was agreed to be used to support the Medium Term Financial Plan as part of the 2015/16 budget.

CEO Coroner's Service

This reserve will be used to support one – off projects in the Coroner's Service.

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 2015.

The actuaries projected the standard claims arising in future years in respect of the period up to 31 March 2015 at £0.578m. 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 £1.913m. £1.177m has been included in the reserve to cover MMI clawback noted as a contingent liability in Note 62. A £0.435m contribution from balances to reflect actuarial advice was agreed in July 2014. £0.413m is being held for risk management initiatives.

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	At 31 March 2014 £'000	At 31 March 2015 £'000
Standard claims likely to be received as at 31 March	1,694	578
Additional IBNR/Latent claims as assessed by Actuarial review	1,382	1,913
MMI Clawback as assessed by actuarial review	406	1,177
Risk management initiatives	0	413
Contribution from balances agreed by Cabinet in July 2014 - reflects actuarial advice		435
Total	3,482	4,516

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 2014 £'000	At 31 March 2015 £'000
Children, Education & Families	-72	0
Social & Community Services	-513	0
Environment & Economy	997	0
Chief Executive's Office	673	0
Public Health	0	0
Strategic Measures	0	196
Total	1,085	196

Capital Reserve

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

Rolling Fund Reserve

The Rolling Fund was established to facilitate, through forward funding, the timely provision of critical infrastructure that supports planned growth. This has been agreed to be used to support the Medium Term Financial Plan in 2015/16.

Financing Capital Reserve

This reserve is used for facilitating capital financing adjustments.

Budget Reserves

This reserve is used to manage the cash flow implications of variations to the Medium Term Financial Plan.

NOTES TO THE CORE FINANCIAL STATEMENTS

Efficiency Reserve

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

Prudential Borrowing Reserve

This reserve is used to meet the costs of borrowing for increased funding for the Capital Programme. Contributions are to be made each year with draw-downs being required as costs are incurred.

49. Useable Capital Receipts

	2013/14 £'000	2014/15 £'000
Balance as at 1 April	10,617	14,148
Net receipts from sale of assets	2,961	1,800
Net receipts from repayment of loans	570	130
Receipts applied to finance capital expenditure	0	0
Balance as at 31 March	14,148	16,078

This reserve has been established for the purpose of financing capital expenditure in future years. Unutilised capital receipts at 31 March 2015 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	552
Total	552

50. 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.

	2013/14 £'000	2014/15 £'000
Balance as at 1 April	54,130	54,540
Applied during the year	-7,697	-28,133
Recognised as income but not applied during the year	8,107	23,213
Balance as at 31 March	54,540	49,620

NOTES TO THE CORE FINANCIAL STATEMENTS

51. Unusable Reserves

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

	Balance at 31 March 2014 £'000	Balance at 31 March 2015 £'000
Revaluation Reserve	81,836	97,020
Available-for-Sale Financial Instruments Reserve	452	1,681
Pensions Reserve	-666,812	-822,003
Capital Adjustment Account	641,790	611,832
Financial Instruments Adjustment Account	-317	-262
Collection Fund Adjustment Account	6,228	4,593
Accumulated Absences Account	-5,745	-4,314
Total	57,432	-111,453

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

52. 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

2013/14 £'000			2014/15 £'000	
	67,179	Balance as at 1st April		81,836
14,995		Upward revaluation of assets	30,987	
-4,224		Downward revaluation of assets	-3,067	
-2,981		Impairment of assets	-2,728	
5,292		Write back of accumulated depreciation on revaluations	7,233	
2,801		Write back of accumulated impairment on revaluations	3,834	
	15,883	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		36,259
2,317		Difference between fair value depreciation and historical cost depreciation	1,261	
-3,543		Accumulated gains on assets sold or scrapped	-22,336	
	-1,226	Amounts written off to the Capital Adjustment Account		-21,075
	81,836	Balance as at 31st March		97,020

53. 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

2013/14 £'000			2014/15 £'000	
	676,820	Balance as at 1st April		641,790
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
-30,033		Charges for depreciation for non-current assets	-28,226	
-5,942		Charges for impairment for non-current assets	-3,370	
-2,335		Revaluation losses on Property, Plant and Equipment	-11,771	
10,075		Reversal of revaluation losses on Property, Plant and Equipment	12,924	
-718		Amortisation of Intangible Assets	-294	
-15,516		Revenue expenditure funded from capital under statute	-22,618	
-73,168		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on derecognition	-109,212	
		Removal of finance liability on derecognition of assets held under finance leases	1	
	-117,637	Adjusting amounts written out of the Revaluation Reserve:		-162,566
-2,317		Difference between fair value depreciation and historical cost depreciation	-1,261	
3,105		Accumulated gains on assets sold or scrapped	21,286	
	788			20,025
	559,971	Net written out amount of the cost of non-current assets consumed in the year		499,249
		Capital financing applied in the year:		
51,515		Capital grants and contributions credited to the CIES that have been applied to capital financing	60,625	
7,256		Application of grants to capital financing from the Capital Grants Unapplied account	27,804	
		Reversal of grants and contributions applied in previous years	0	
18,046		Statutory provision for the financing of capital investment charged against the County Fund balance	17,694	
7,209		Capital expenditure charged against the County Fund balance	6,607	
		Reversal of revenue applied to capital financing in previous years	0	
	84,026			112,730
	1,078	Movements in the market value of Investment Properties debited or credited to the CIES		508
	-555	Amounts of Investment Properties written off on disposal or sale as part of the gain/loss on derecognition		-277
		Movement in the Donated Asset Account credited to the CIES		0
	-1,473	Revaluation losses on Assets held for Sale		0
		Revaluation gains on Assets held for Sale		3
		Impairment losses on Assets held for Sale		0
	438	Accumulated gains on Assets held for Sale sold or scrapped		1,050
	-1,125	Amounts of Assets held for Sale written off on disposal or sale as part of the gain/loss on derecognition		-1,300
	-570	Repayment of loans treated as capital receipts		-131
	641,790	Balance as at 31 March		611,832

NOTES TO THE CORE FINANCIAL STATEMENTS

54. 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.

2013/14 £'000		2014/15 £'000
-389	Balance as at 1 April	-317
-9	Write-down/write-ups to fair value	-11
81	Effective interest rate adjustments	66
72	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	55
-317	Balance at 31 March	-262

55. 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:

2013/14 £'000		2014/15 £'000
5,087	Balance as at 1 April	6,228
-238	Decrease in Council Tax and Business Rate surpluses/increases in deficits	-2,042
1,379	Increases in Council Tax and Business Rate surpluses/reductions in deficits	408
1,141	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	-1,635
6,228	Balance at 31 March	4,593

NOTES TO THE CORE FINANCIAL STATEMENTS

56. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the County Fund balance from accruing for compensated absences earned but not taken in the year. Statutory provisions require that the impact on the County Fund balance is neutralised by transfers to or from the account.

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

2013/14 £'000		2014/15 £'000	
-6,831	Balance at 1 April		-5,745
6,831	Settlement or cancellation of previous year's accrual	5,745	
-5,745	Amount accrued at the end of the current year	-4,314	
1,086	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in the year under statute		1,431
-5,745	Balance at 31 March		-4,314

57. 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:

	2013/14 £'000	2014/15 £'000
Depreciation/amortisation of fixed assets	-30,751	-28,519
Impairment charges/revaluation losses	325	-2,214
Retirement benefit adjustments	-23,209	-21,773
Impairment allowance for doubtful debts	-58	-285
Other financial instrument adjustments	76	-207
Provisions set aside in the year	-1,256	-1,555
Deferred income released	993	334
Movement in value of investment properties	1,078	508
Carrying amount of non-current asset sold	-74,848	-110,790
Transfers from Capital Grants Receipts in Advance	4,856	10,035
Previous years' capitalised spend written-off	0	0
Increase/decrease(-) in inventories	-23	-132
Increase/decrease(-) in debtors	8,188	9,944
Increase(-)/decrease in creditors	5,314	-10,133
Total adjustments for non-cash movements	-109,315	-154,787

58. Cash Flow Statement – Operating Activities

The cash flows for operating activities are as follows:

2013/14 £'000		2014/15 £'000	
	Cash outflows		
393,557	Cash paid to and on behalf of employees	380,210	
481,033	Other operating costs	484,136	
874,590			864,346
	Cash inflows		
-273,213	Council Tax receipts	-284,663	
-27,256	Non-domestic rate income	-28,588	
-94,561	Revenue Support Grant	-80,623	
-35,694	Business Rates Top-Up Grant	-36,390	
-392,248	Other government grants and contributions	-379,354	
-67,294	Other cash received for goods and services	-66,321	
-890,266			-875,939
	Cash outflows		
19,847	Interest paid	18,126	
2,134	Interest element of finance lease rental payments	2,134	
21,981			20,260
	Cash Inflows		
-3,148	Interest received		-2,630
3,157	Total operating activities		6,037

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

59. Cash Flow Statement – Investing Activities

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

	2013/14 £'000	2014/15 £'000
Purchase of property, plant and equipment, investment property and intangible assets	47,403	69,438
Purchase of short-term and long-term investments	350,399	338,970
Other payments for investing activities	558	719
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-2,961	-1,799
Capital grants	-67,123	-100,958
Proceeds from short-term and long-term investments	-345,950	-321,000
Other receipts from investing activities	-631	-205
Total investing activities	-18,305	-14,835

NOTES TO THE CORE FINANCIAL STATEMENTS

60. Cash Flow Statement – Financing Activities

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

	2013/14 £'000	2014/15 £'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	818	825
Repayments of short- and long-term borrowing	11,003	2,002
Other payments for financing activities	0	0
Total financing activities	11,821	2,827

61. Analysis of Government Grants

The total cash received for revenue government grants (other than Revenue Support Grant and Business Rates Top-Up Grant) is £346.254m. An analysis is set out in the table on the next page.

NOTES TO THE CORE FINANCIAL STATEMENTS

Government Grants	2013/14 £'000	2014/15 £'000
Department for Education		
Dedicated Schools Grant	289,509	269,026
Adoption Reform Grant	1,612	597
Pupil Premium Grant	9,408	11,324
Education Services Grant	7,673	7,401
PE & Sports Grant	1,169	1,721
Universal Infant Free School Meals		4,052
Department of Health		
Public Health Grant	25,264	26,086
Education Funding Agency		
Sixth Form Funding	7,242	5,124
Skills Funding Agency		
Adult Learning	3,627	3,671
Department for Transport		
Severe Weather Recovery Grant - Highways	3,027	0
Local Sustainable Transport Fund Resource Grant	1,338	566
Department for Communities & Local Government		
New Homes Bonus	1,662	2,387
Troubled Families Grant	1,224	1,126
Section 31 Grant - Business Rates and Other Reliefs (Autumn 2013 Statement)		1,551
Home Office		
Asylum Seekers	764	991
Regional Growth Fund		
Regional Growth Fund		1,195
Other grants less than £1m	8,225	9,436
Total	361,744	346,254

Dedicated Schools Grant and Sixth Form Funding have both reduced with the conversion of schools to academies. The universal infant free school meals grant enables schools to provide free school meals to all pupils in reception, year one and year two. £4.052m received by the council has been passed to local education authority maintained schools in accordance with the grant conditions. The Regional Growth Fund (RGF) supports eligible projects and programmes that are raising private sector investment to create economic growth and lasting employment. £1.195m was received by the council on behalf of the Local Enterprise Partnership.

62. 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 2015 is £0.386million.

Municipal Mutual Insurance Plc

The County Council has claims outstanding with Municipal Mutual Insurance (MMI) Plc. In November 2012 the directors of MMI triggered a process to wind up the business. This means the County Council may have to repay all or part of the insurance claims settled since the company ceased to trade, as well as fund any outstanding claims. A provision of £0.020 million was included in the 2013/14 accounts and represents 6.5% of the £0.308m claims outstanding. A further £1.177 million is held in the Insurance Reserve for MMI clawback in accordance with advice from the scheme's actuaries in March 2015.

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.

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.

63. Material Post Balance Sheet Events

Events after the balance sheet date have been considered up until 16 September 2015, when the accounts were authorised for issue.

Eight schools are expected to convert to academy status in July and August 2015. The value of Property, Plant and Equipment that is expected to transfer to academy trusts during 2015/16 relating to these schools is £42.139m. £0.634m of revenue and capital reserves/balances is also expected to transfer to the academy trusts for seven of these schools. The remaining school is expected to have a small deficit that will need to be met by the council on conversion.

For 2015/16 onwards group accounts will be required to show expenditure and income relating to the Local Enterprise Partnership which was incorporated as a company limited by guarantee on 1 April 2015. The council remains the accountable body.

The Chief Executive of the council will be stepping down in September 2015 ahead of a review of senior management arrangements. Pending a decision about the longer term, the interim arrangements will involve responsibilities being shared amongst the management team with Peter Clark, currently Chief Legal Officer, subject to Council approval becoming the statutory Head of Paid Service, and the other directors taking on additional duties in support. Proposals for the new arrangements will form part of the budget for 2016/17. A severance payment of £0.259m was agreed in June 2015.

64. 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 2015/16 (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 (2014/15).

The 2015/16 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 2015 or which will need to be considered during 2015/16 for adoption in 2016/17 with a restatement of 2015/16. The new or revised financial standards adopted are:

IFRS 13 Fair Value Measurement

IFRS 13 defines Fair Value (FV) as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The standard requires prospective application from 2015/16 (no prior year restatements are required). Operational Property, Plant & Equipment will continue to be measured at Service Potential (Current Value) with no change in measurement requirements. Surplus Assets will need to be measured for their

economic benefits at fair value. Investment Properties will need to be measured at their highest and best use.

Liabilities will need to be measured at the best transfer price. Further guidance will be required on how to measure the value of liabilities that cannot be sold, such as Public Works Loans Board loans.

Additional disclosure notes will be required in the 2015/16 Statement of Accounts to set out the valuation techniques and inputs used.

Code of Practice on Transport Infrastructure Assets

Currently local authorities record the value of their transport infrastructure assets at historical cost within their accounts. However, CIPFA/LASAAC, the body responsible for the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code), considers that current value is a more appropriate measurement base for local authority assets. CIPFA/LASAAC has therefore decided that the measurement requirements of the Transport Code will be adopted in the Accounting Code from 2016/17. Transport infrastructure assets will therefore be required to be measured on a depreciated replacement cost basis from 2016/17. This will require retrospective restatement of the 2015/16 statements of account. The value of infrastructure assets will increase significantly when the code is adopted.

Accounts and Audit Regulations 2015

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and apply to 2015/16. This brings forward the local government reporting timetable for published accounts to 31 July 2017/18. Accounting Policies will need to be reviewed to ensure that the Council is able to produce its statutory accounts to meet this earlier deadline.

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

65. Authorisation of the Accounts

The Statement of Accounts will be authorised for issue on 16 September 2015 by Lorna Baxter, Chief Finance Officer. Events after the balance sheet date will be considered up to this time.

TRUST FUNDS

66. 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.

		2013/14	2014/15	
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	108	1	117
	Oxford Boys	23	1	24
	Criminal Injuries Compensation Awards	21	4	21
	Other (under £10,000)	10	4	16
Chief Executive's Office	Bequest of Property at Watlington	87	1	88
Total		249	11	266

		2013/14	2014/15	
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	3,247	3	3,292
	Other (under £10,000)	1	1	1
	Junior Citizens Trust	6	1	9
Total		3,254	5	3,302

		2013/14	2014/15	
Other Funds		Value of Fund £'000	No. of Funds	Value of Fund £'000
Children, Education & Families Social & Community Services	Thomas Gifford Charity	353	1	355
	City Lectureship Scholarship	17	1	18
	Other (under £10,000)	31	11	31
	Other (under £10,000)	9	1	9
Total		410	14	413

FIRE-FIGHTERS' PENSION FUND ACCOUNTS: FUND ACCOUNT

Fund Account for the year ended 31 March

Fund Account	2013/14 £'000	2014/15 £'000
-		
Contributions Receivable		
From employer		
- normal	-1,902	-1,836
- early retirements	0	0
Other (ill health retirement contribution)	-101	-73
From members	-1,313	-1,415
	-3,316	-3,324
Transfers in	0	-34
Benefits Payable		
Pensions	4,408	4,546
Commutations and lump sum retirement benefits	979	930
Lump sum death benefits	0	0
Other (ill health lump sums)	0	52
	5,387	5,528
Payments to and on account of leavers		
Individual transfers out to other schemes	210	394
	210	394
Miscellaneous		
Annual Allowance Charge	32	0
Net amount payable/receivable for the year before top-up grant receivable/amount payable to sponsoring department	2,313	2,564
Top-up grant receivable	-2,313	-2,564
Net amount payable/receivable for the year	0	0

FIRE-FIGHTERS' PENSION FUND ACCOUNTS: NET ASSETS STATEMENT

Net Assets Statement	2013/14 £'000	2014/15 £'000
Net Current Assets and Liabilities		
Contributions due from employer	14	14
Pension top-up grant receivable from sponsoring department	510	780
Other Current Assets	10	11
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)	-274	-104
Cash balance	-260	-701
Total	0	0

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 2014/15.

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 2015.

	1992 Scheme	2006 Scheme
Contributors	165	419
Pensioners	292	10
Preserved Pensions	27	211

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

The 2014/15 accounts noted that complaints had 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 Pension Ombudsman has now considered a test case and issued a final determination upholding the complaint. This means that many firefighters who retired between 1998 and 2006 should have been paid higher lump sums.

The Local Government Association are now seeking a decision as to who should be liable for the additional costs. Since this, revised commutation factors, and the process for individuals seeking redress, remains unclear it is not possible to estimate a contingent liability. Approximately 34 Oxfordshire pensioners are expected to be affected.

10. Fire Fighters' Pension Scheme 2015

From 1 April 2015 a new pension scheme was introduced for firefighters. Any benefits accrued from this date will be based on career average rather than a final salary basis. These changes will have implications for pensions administration arrangements and accounts disclosures in 2015/16.