

Statement of accounts



Listening Learning Leading

2015/16

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South Oxfordshire District Council
135 Eastern Avenue
Milton Park
Milton
Abingdon
Oxfordshire
OX14 4SB

Narrative Statement

Introduction

This narrative statement provides a commentary on the council's performance during 2015/16. It is a guide to the council's performance against key targets, the most significant matters reported in the accounts, an explanation in overall terms of the council's financial position at the end of the financial year and a commentary on the council's future prospects. This statement does not form part of the financial statements.

To assist the reader, a glossary of financial terms is provided on pages 84-90.

The council's accounts

The council's Statement of Accounts (SoA) shows the financial results of the council's activities for the year ended 31 March 2016, and summarises the overall financial position of the council as at 31 March 2016. It is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on local authority accounting in the United Kingdom ("the code"). The accounts have been compiled under International Financial Reporting Standards (IFRS).

In addition, the Annual Governance Statement sets out the purpose and nature of the council's governance framework. It also provides a review of the effectiveness of the governance framework, and highlights any significant governance issues. This statement is published as a separate document and is available on the council's website.

Introduction to the district

South Oxfordshire is the 7th most rural district in the south east region, around 50 per cent of the population live in rural areas, outside the main towns of Didcot, Henley, Thame and Wallingford. Population in mid-2015 was 138,400, and is set to increase to 155,200 in 2025 (+16,800 or 12 per cent). Between 2001 and 2011, the total number of households in South Oxfordshire increased by 2,000 (+four per cent).

In 2015, the population of South Oxfordshire aged 65 and over was 27,900, this is expected to increase to 33,800 by 2025. Over half of this increase is predicted to be in rural wards, i.e. outside the main towns of Didcot, Henley, Thame and Wallingford. By 2037 the number of people aged 85+ living in the district is expected to reach 10,100, almost three times the number in this age group in 2013, and a higher rate of growth than the national average (+173 per cent vs +148 per cent in England). Internal migration (people moving in from elsewhere in the UK) is also higher than the national average.

As of 2011, there were 54,104 occupied households in South Oxfordshire, 74 per cent of which were owned in full or with a mortgage. The majority of this growth was in private rented households which has increased reliance on the private rented sector.

Employment is high with only 0.5 per cent of the economically active population claiming jobseekers allowance as of 2015, compared with a 2.2 per cent average for England.

Whilst the district is generally affluent, this brings its challenges. In 2013 the cheapest (lower quartile) market housing in South Oxfordshire was over 10 times a lower band salary, and the South Oxfordshire ratio of lower quartile house prices to lower quartile earnings remains well above the national average. This means that many people can't afford to buy, and many young people need to move out of the district because the housing prices are high compared to salary.

Much of the countryside in South Oxfordshire is protected from development by being part of the Oxford Green Belt or the Chilterns Area of Outstanding Natural Beauty (AONB). This compounds the challenges of providing sufficient housing to meet identified need whilst protecting our natural environment.

Key challenges

Our key challenges are:

- the growing/ageing population
- increasing housing to meet identified need
- increasing prosperity and supporting business to grow
- providing the infrastructure to support growth
- protecting the natural environment

How performance is measured

The council's activities are guided by our four-year corporate plan, and by fulfilling our statutory responsibilities. Key performance indicators are measured via the monthly board report, which is reported to the councils' senior management board and cabinet; and an annual benchmarking report, which compares our performance to the other 200 'non-metropolitan' English district councils. Many of our services are provided through contractors, and the performance of our five major contractors is monitored through an annual review and report to the council's scrutiny committee. Customer satisfaction is measured through a biennial face to face survey of residents; this includes satisfaction with services and the council generally.

Our corporate priorities

2015/16 was the final year of the council's corporate plan 2012 – 2016. This contained our strategic objectives and corporate priorities for the period:

- Excellent delivery of key services
- Effective management of resources
- Meeting housing need
- Building the local economy
- Support for communities

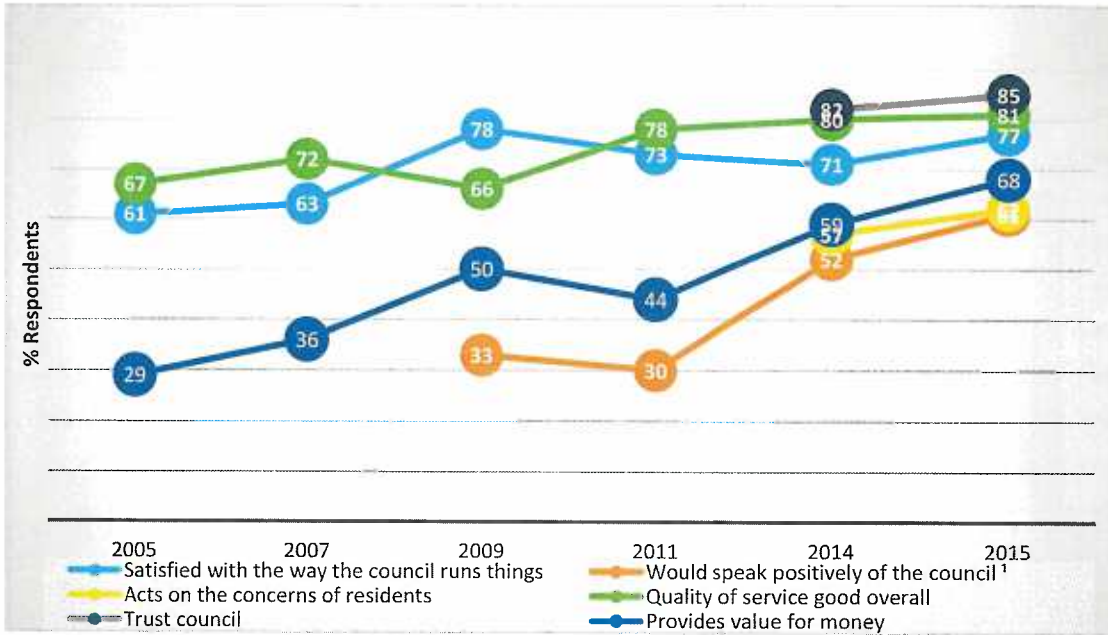
Excellent delivery of key services

We undertook to deliver high performing services with particular emphasis on achieving excellent levels of recycling, keeping streets and public spaces clean and ensuring good quality sports and leisure provision. Also to put residents at the heart of service delivery, provide an excellent customer service; keep residents and other stakeholders informed about our services and ensure we took their views into account before making key decisions.

Resident satisfaction

Chart 1 below show how attitudes towards the council have changed over recent years. All showed an improvement in the 2015/16 survey and an upward direction of travel over the longer term; with significant increases in relation to satisfaction with value for money and numbers who would speak positively about the council. 77 per cent of our residents are happy with the way the council runs things – an increase of six per cent in 2015/16.

Chart 1 – Attitudes towards the Council



¹ question previously worded 'would speak highly'

77 per cent of residents said that they felt informed about the council and its services.

One area where the council is seeking to do more is on responsiveness, with a slight drop in those who felt they were able to influence decisions. We have included a top line objective in our new Corporate Plan to improve engagement with residents and with town and parish councils.

Quality of services – waste

The council is proud of its record on waste and recycling; we have achieved efficiencies in our contract and maintained consistently high levels of recycling and customer satisfaction with the service provided. Recycling rates are high and we have been in the top three in the country for recycling for several years, with the top spot in 2014/15¹. During 2014/15 we achieved a recycling rate of 67.32 per cent.

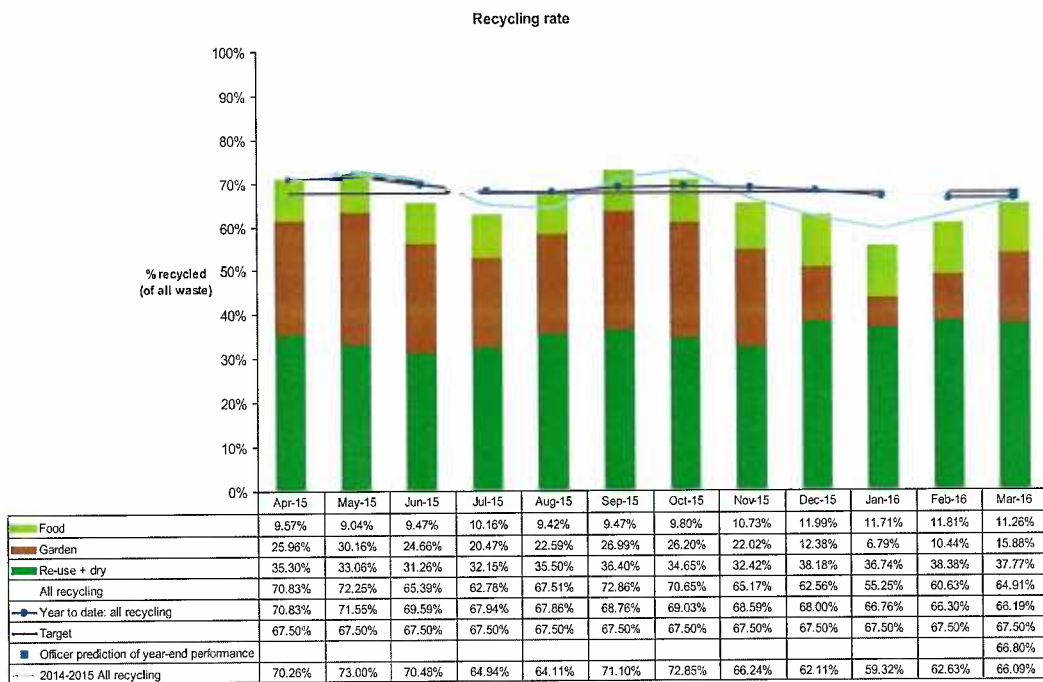
In year we measure performance through our board report which uses our own figures, not yet verified by DEFRA. Graph 1 below shows our performance in the past year. This also shows the breakdown of recycling by type.

Alongside this, residual waste has increased slightly in year². However, using the latest DEFRA published figures (2014/15) we were second best in our benchmark group.

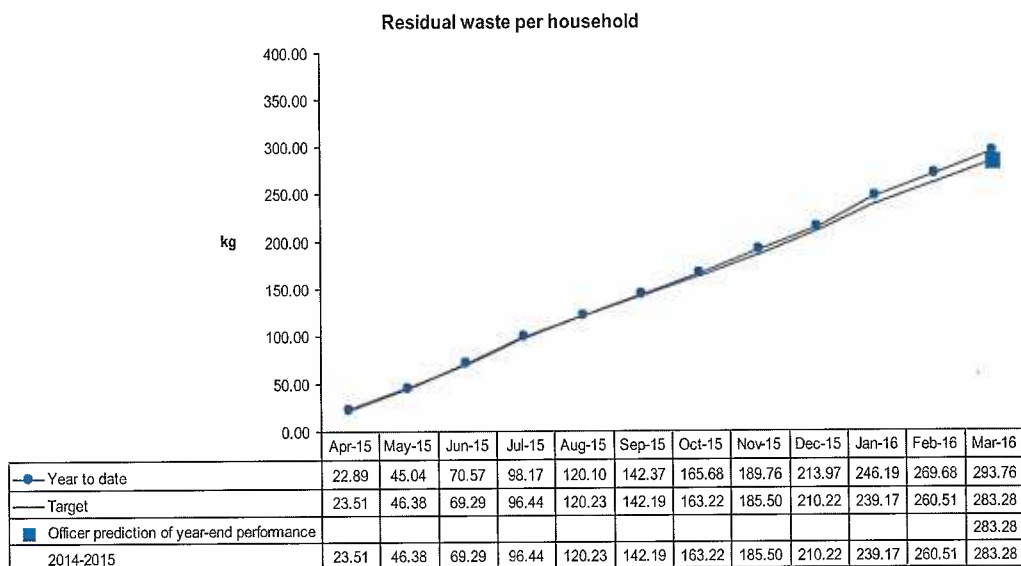
¹ 2014/15 is the latest year for which official figures published by DEFRA are available, the chart uses unverified figures

² Figures used are not yet verified by DEFRA
South Oxfordshire District Council

Graph 1 – Recycling rate 2015/16



Graph 2 – Residual waste 2015/16



During the year we have introduced new kerbside recycling streams for textiles and Waste Electricals and Electronic Equipment (WEEE), and have invested in a recycling officer post which is responsible for marketing and education programmes to increase recycling even further.

Latest figures for recycling credits show we received £825,912 for dry recycling and £173,943 for green (garden waste) recycling in 2014/15³. For 2015/16 the credits for dry recycling are £837,612, and green (garden waste) recycling are £180,224.

Customer satisfaction with our waste collection service is high, at 87 per cent.

³ Latest available actual figures
South Oxfordshire District Council

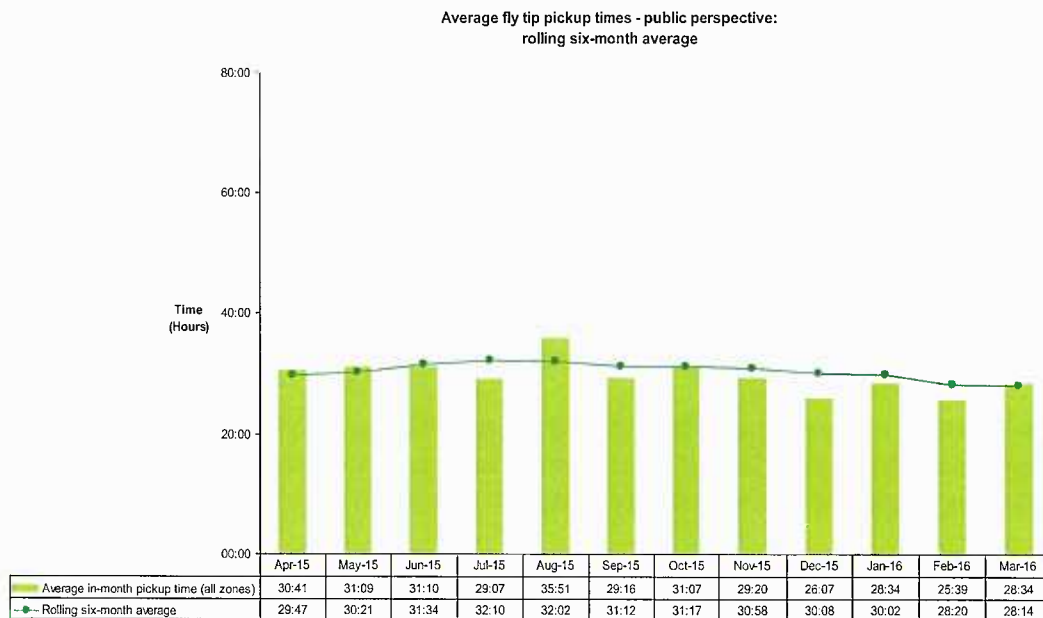
Quality of services – cleanliness

We know that cleanliness of the area is high on residents’ list of things they want us to focus on, and have made this a priority. In recent years we have invested an additional £60,000 to fund an annual deep clean for every parish, which has been very popular. We have high levels of resident satisfaction with cleanliness, at 79 per cent.

Fly tipping

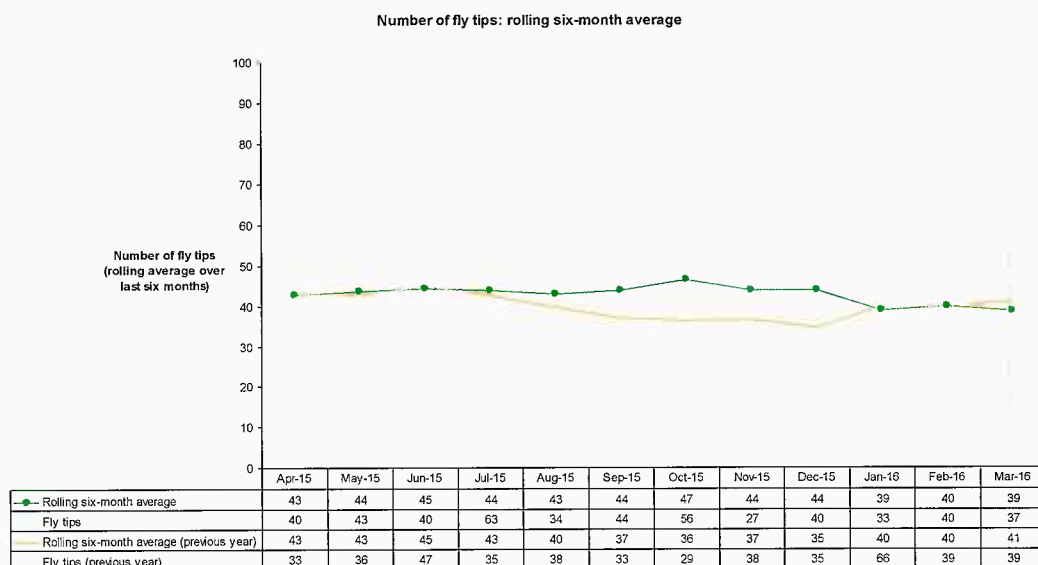
The council’s action to tackle fly tipping aims to achieve two things: investigation and enforcement action against those who commit it, with the long term aim of reducing the amount of fly tipping that occurs; and to clear it as quickly as possible where it does happen. Through our board report we monitor both of these; performance in 2015/16 is shown in the graphs below. Average time to clear fly tips has decreased from an average of 34:14 hours in March 2015 to 28:34 in March 2016. The average number of fly tips has also decreased from 41 to 39⁴.

Graph 3 - Fly tipping clearance time



⁴ Rolling six month average
South Oxfordshire District Council

Graph 4 - Number of fly tips



Quality of services – Leisure

Our key aim on leisure is to increase participation in sport and physical activity. According to the latest Active People survey data⁵ we have seen a five per cent increase in the number of people aged 16+ participating in sport and active recreation at moderate intensity at least three times a week - from 22.8 per cent to 27.8 per cent. Visits to our leisure centres have increased by 6.3 per cent over the past year.

68 per cent of service users are satisfied with our sport and leisure services.

Much of our sports development programme is provided through external funding; the team has secured £400,057 between 2012/13 and 2015/16, this has enabled us to focus activity on many groups where participation is traditionally low such as older people, women with children, and teenagers

We are very aware that development in the district needs to be matched by new facilities to meet a growing need. The council has allocated £22.5 million for a new leisure centre in Didcot and is currently planning for leisure needs into the longer term.

Other investment in leisure facilities during 2015/16 has included gym equipment replacement at Park Sports Centre, new boilers at Didcot Wave, replacement Thame sports hall floor and new entrance doors at Henley Leisure Centre.

Effective management of resources

Part of our philosophy, and one of our corporate priorities was to keep our share of council tax as low as possible whilst continuing to deliver high quality services. Over a number of years the council has made significant savings through joint working, especially with our close partner the Vale of White Horse District Council with whom we have saved costs on staffing, contracts and office accommodation.

The last 18 months has seen progress on our latest joint working, two joint contracts with Vale, Hart, Havant and Mendip district councils to outsource a number of council services, including

⁵ Last survey results in 2015, compared to previous survey results in October 2006
South Oxfordshire District Council

Human resources, Information technology and accountancy, facilities management, property, licensing, and land charges. This work will reach a key stage in August 2016 with the first part of this contract going live for South Oxfordshire and Vale of White Horse.

This outsourcing is expected to realise ongoing annual savings of in excess of £0.8 million inclusive of client management costs.

This type of innovative joint working, along with sound financial management has helped to keep costs down and meant that we are able to keep the cost of council tax to our residents low.

In recent years the level of council tax has been reduced, from £123.73 for a band "D" property in 2011/12 to £111.24 for 2016/17, which is the seventh lowest of all non-metropolitan district councils.

Through our board report we measure a number of key income streams, to ensure that we are both maximising income and understanding early where external factors might impact on budgets. During 2015/16:

- Planning income totalled £1.5 million against a budget of £1.1 million this compared to income of £1.6 million in 2014/15.
- Land charges income totalled £0.4 million compared to £0.4 million in the previous year.
- At year end, sundry debtors more than 30 days old were £37,000 which was the second lowest debt figure ever for the council.
- The New Homes Bonus paid to the council for 2015/16 was £2.9 million, compared to an average of £1.9 million, putting us 35th out of all 201 non-metropolitan district councils

Our Council Tax collection rate of 98.73 per cent put us 24th when ranked against all district councils at end March 2015.

Staff sickness absence is 5.82 per FTE at end March, compared to 4.97 in 2014/15 and 8.2 for English district councils in 2013/14⁶

Chart 1 above demonstrates that residents are recognising that we are a council that provides good value for money for them.

Meeting housing need

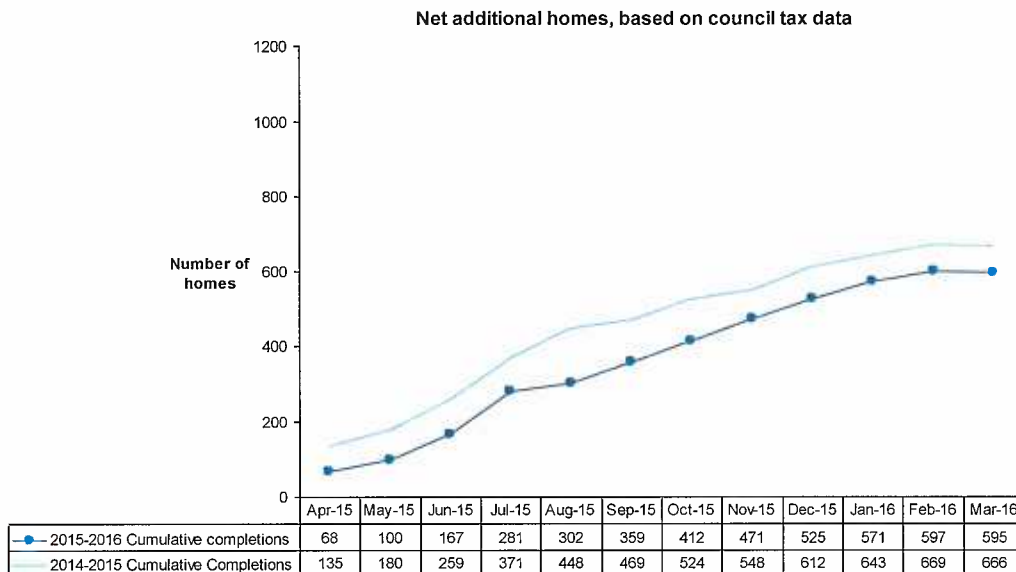
South Oxfordshire is an attractive place to live and demand for housing is high. During the year we have made progress on our Local Plan, preparing our Preferred Options which is scheduled for consultation in June 2016. The Preferred Options will allocate housing to settlements or specific sites for at least 8,673 new homes (working assumption) up to 2032.

Because of high demand for housing, the attractive and accessible nature of the district and high house prices, our key challenge on housing is to ensure that we facilitate the delivery of new housing and achieve an appropriate mix of housing to meet local need.

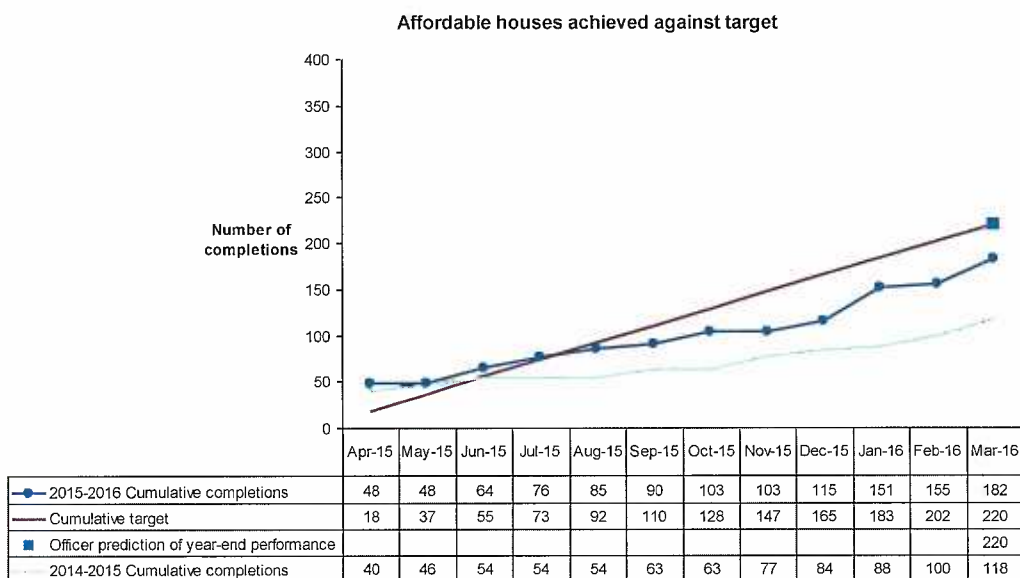
During the year 595 new homes have been built in the district, compared to 666 in 2014/15; completion of affordable homes is up from 118 in 2014/15 to 182 in 2015/16 (see graphs 4 and 5 below). At March 2015 we were 42nd compared to all district councils for affordable homes built.

⁶ Source LG Inform, latest available figures
South Oxfordshire District Council

Graph 5 - Net additional homes 2016/17



Graph 6 - Affordable homes built 2015/16



In planning we receive around 4,000 applications per year. Planning performance is measured through the board report in relation to speed of planning application determination and action on enforcement cases. We monitor the quality of decisions through the number of planning appeals allowed.

Our performance on minor and major applications is way above the national targets of 65 and 60 per cent respectively; at the end of the year we were achieving 85 per cent within eight weeks, and 83 per cent within target time. Other applications were three per cent above the national target at 93 per cent. According to the governments published figures for 2014/15 we were 132nd out of all district councils on major applications, 104th on minors and 77th on other applications⁷.

⁷ source: government website
South Oxfordshire District Council

To support the growth in housing and employment, we have secured section 106 (S106) contributions towards infrastructure from new development through S106 (legal) agreements. The secured amount for 2015/16 was £5.7 million.

Following examination by an independent Inspector, we have adopted a Community Infrastructure Levy (CIL) charging schedule, which comes into effect in April 2016. Alongside this schedule, we have adopted a revised S106 supplementary planning document, so it is clear to developers what falls under CIL and S106.

For 2016/17 the council will receive £3.6 million of New Homes Bonus. Due to the current Government consultation on allocation of New Homes Bonus we are unable to calculate with any certainty how much NHB we are likely to receive in future years.

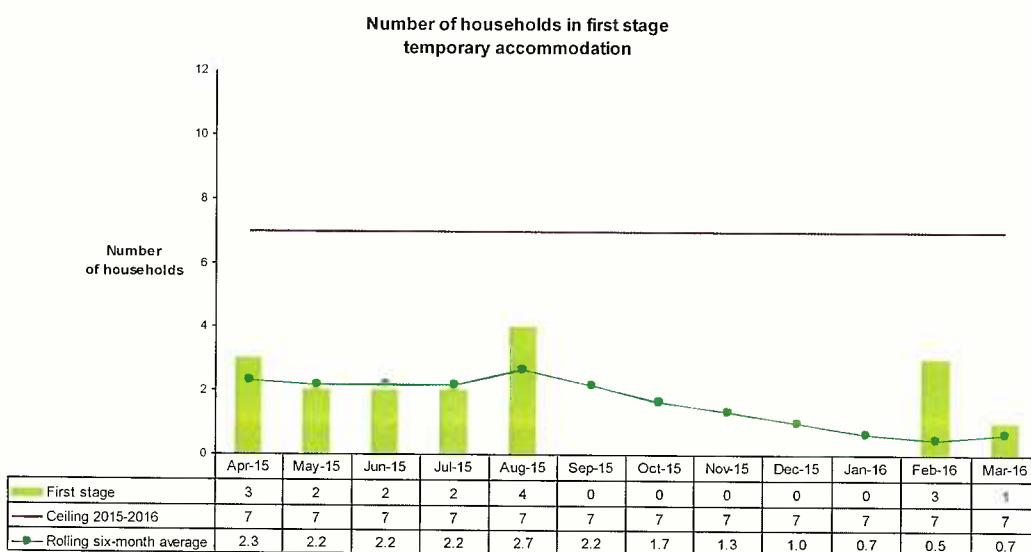
The number of households at risk of homelessness has gone up over recent years and we have increased our work on homelessness prevention, with 468 successful homelessness interventions in 2015/16, compared to 286 in 2014/15. We have done this by proactively engaging with customers at the earliest point and through positive partnerships with organisations such as Citizen Advice Bureau, Soldiers, Sailors and Families Association (SSAFA) and Connections Floating Support, Christians Against Poverty to name but a few who provide debt and welfare advice to enable customers to remain in their own homes. Nationally the ability to successfully prevent homelessness has decreased by 3 per cent.

Our White Horse Lettings is dedicated to helping low income families remain in the local area, while securing good rental returns for private landlords.

Working with both private landlords and many local lettings agencies, we currently support approximately 400 tenancies. We have increased the numbers of people in the private rented sector, and decreased the number who are presenting as statutory homeless.

As at 31 March 2016 we have one family in temporary accommodation until alternative accommodation can be found, the average being 0.7⁸ (see graph below); the average length of stay in temporary accommodation for the year is 13 days.

Graph 7 - Number of households in temporary accommodation



⁸ rolling six month average
South Oxfordshire District Council

Benefits

We monitor both time to determine and accuracy. At end March 2016 average time to determine claims was 4.67 days compared to 7.98 in 2014/15, and accuracy is 97.20 per cent. At end March 2015 we were 21st for benefit determinations compared to all district councils⁹.

Building the local economy

Strategic growth

Supporting business growth in appropriate locations across the district, whilst protecting the character of our towns and villages is a key challenge for us. Didcot and the Science Vale area (including part of neighbouring Vale of White Horse District) are the focus for a significant amount of housing and business growth as we work to attract hi tech and design-based business into the area, and to support our Small and Medium sized Enterprises (SME's) to grow. During 2015/16 we have:

- Entered into a commercial partnership to secure phase two of the Orchard Centre, Didcot
- Provided £1 million in funding towards improving broadband across the district, to increase coverage of superfast broadband to over 95 per cent of homes and businesses
- been awarded Garden Town status for Didcot
- had a second Enterprise Zone for Didcot approved to accelerate growth

Support for market towns

Along with our outstanding countryside, our historic markets towns of Henley, Wallingford and Thame are much of what draws visitors to our district. The council has provided the following support to our market towns during 2015/16:

- Part-funded market town co-ordinator posts in Wallingford and Henley and provided an equivalent project pot for Thame (total of £30,000 per annum).
- Delivered annual action plans in our market towns to improve vitality and footfall of the towns, including £4,000 revenue funding per town per year.
- Awarded £86,694 of capital infrastructure grants to support capital projects in our market towns and larger villages
- Employed tourism marketing consultants at a cost of £20,000 to increase the number of visitors to South Oxfordshire and associated spend in the visitor economy, focusing on the district's links with TV series Midsomer Murders.

The estimated economic impact generated from Visit Midsomer in 2015 is £800,000-£1 million.¹⁰

There are 104,331 unique visitors to the southernoxfordshire.com website a year. In 2014, visitor activity generated nearly £213 million worth of expenditure to the district (overnight and day trips), and supported around 3,913 tourism jobs in South Oxfordshire.

⁹ DWP published figures, not comparable with board report figures

¹⁰ Source: Headline Achievements 2011-2016 Report prepared for the council by Team Tourism.

Support for communities

A fundamental part of our strategy to support communities to do things for themselves and create sustainable communities into the future, is our grant schemes.

Grants

We have a long history of supporting communities to help themselves through grant funding for projects, community led planning and more recently, Neighbourhood Plans.

During the year we awarded £756,683 in capital funding towards 23 different projects in communities; examples range from new changing rooms for a local sports Trust to a community defibrillator. We provided revenue funding to 16 local voluntary organisations, totalling £410,641, including the local Citizens Advice Bureau (CAB) and a centre for disabled children, under a four year service level agreement. Our Young Achievers Awards totalled £7,850 and supported 32 young people aged 11- 18 to pursue their chosen arts, sports or citizenship goals.

Community/Neighbourhood planning

We are keen to encourage communities to take control of development in their local area through Neighbourhood Plans, and we provide support to communities to do so. The district had some of the first Neighbourhood Plans in the country, and the numbers are increasing steadily, with three parishes who currently have an agreed plan, and a further 18 working towards it.

We have supported a number of communities to produce or refresh Community Led Plans (CLP) in the year, and 69 of our 87 communities now have a CLP in place.

Financial performance 2015/16

The paragraphs below show the council's financial performance for 2015/16 in the following areas:

- revenue expenditure;
- capital expenditure;
- treasury management activities.

It also discusses the council's Comprehensive Income and Expenditure Statement (CIES) for the year and its balance sheet at the end of the year.

Revenue outturn 2015/16

The council's funding requirement for 2015/16, including parish precepts, was £14.5 million, after accounting for the use of reserves and investment income. Net revenue spend for the year (i.e. expenditure less income) was £3.2 million below budget as shown in the table below, analysed across the council's service areas. Of this £1.2 million was due to slippage and has been agreed as a budget carry forwards and there was unbudgeted one off grant income of £0.5 million for Didcot Garden Town and £0.4 million overachievement of Planning development income.

Service expenditure	Budget £000	Actual £000	Variance £000
Strategic management board	573	538	(35)
Corporate strategy	6,086	5,680	(406)
Development and housing	1,731	587	(1,144)
Economy leisure and property	(470)	(934)	(464)
Finance	2,857	2,791	(66)
HR, IT & technical services	1,360	1,454	94
Legal and democratic services	1,123	799	(324)
Planning	2,239	1,420	(819)
Contingency	75	0	(75)
Direct service expenditure	15,574	12,335	(3,239)
Interest	(2,088)	(2,427)	(339)
Government grant income	(2,944)	(2,968)	(24)
Transfer to/from reserves	(253)	(253)	0
Net revenue spend	10,289	6,687	(3,602)
Transfer of surplus to reserves:			
Net revenue spend	0	3,602	3,602
Retained business rates	0	309	309
Budget requirement set by council	10,289	10,598	309
Parish precepts	4,189	4,189	0
Total funding requirement	14,478	14,787	309
Revenue Support Grant (RSG)	(1,919)	(1,919)	0
Council tax income	(10,372)	(10,372)	0
Retained business rates	(2,187)	(2,496)	(309)
Total funding	(14,478)	(14,787)	(309)

The major variations in service expenditure included within direct service expenditure in the table above are detailed below:

Major variations in service revenue expenditure	£000
Strategic management board	
Other	
Balance of other variances that individually were less than £50,000	(35)
Total	(35)
Corporate strategy	
Waste	
Majority of the favourable variance is due to increased income on garden waste bins, and higher than expected recycling tonnages which increased recycling income	(150)
Food safety	
Underspend due to delays with the mobile working project. This budget has been carried forward into the next financial year	(85)
Environmental services	(60)
There were no contaminated land projects this year	
Communications and grants	
Underspend on Outlook distribution costs due to March 2015 edition coming out of previous year's budget, and underspend on the Young Achievers budget	(52)
Other	
Balance of other variances that individually were less than £50,000	(59)
Total	(406)

Major variations in service revenue expenditure	£000
Development and housing	
Didcot Growth Point	
One off budget for Didcot Growth Point, which has been carried forward into the next financial year	(718)
Didcot Garden Town	
Additional government grant for Didcot Garden Town. This grant has been transferred to reserves.	(470)
Other	
Balance of other variances that individually were less than £50,000	44
Total	(1,144)
Economy, leisure & property	
Leisure	
£243k of under spend relates to Berinsfield co-location project which is on hold. The remaining under spend relates to an over accrual from previous year for repairs to the Thame swimming pool	(361)
Other	
Balance of other variances that individually were less than £50,000	(103)
Total	(464)
Finance	
Crowmarsh fire insurance claim	
The majority of the variance relates to money received from an insurance claim where the expenditure was incurred in the previous year	(76)
Other	
Balance of other variances that individually were less than £50,000	10
Total	(66)
HR IT and technical	
Facilities	
Reduction in rental income due to the closure of the council office in Crowmarsh Gifford	166
Car parking	
Parking fees and season ticket income were higher than budgeted.	(58)
Other	
Balance of other variances that individually were less than £50,000	(14)
Total	94
Legal & democratic services	
Land charges	
Over recovery of income plus one-off government grant for claims regarding personal search fees, the costs of which had been incurred in the previous financial year.	(165)
Licensing	
Increased taxi licensing income compared to budget	(111)
Other	
Balance of other variances that individually were less than £50,000	(48)
Total	(324)
Planning	
Development services	
Increased planning income plus employee costs underspent due to vacancies, and reduced spend on consultants	(443)
Planning policy	
Staff vacancies resulted in a delay in progressing the Local Plan	(273)
Building control	
Under spend on employee costs and over achievement of building control income	(103)
Total	(819)