

**VALE OF WHITE HORSE
DISTRICT COUNCIL**

STATEMENT OF ACCOUNTS

2015/16

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Vale of White Horse 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. The statement does not form part of the financial statements

To assist the reader, a glossary of financial terms is provided on pages 82 to 88.

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

Vale of White Horse is the 10th most rural district in the south east region, around 39 per cent of the population live in rural areas, outside the main towns of Abingdon, Wantage and Grove, and the area adjacent to Oxford (including North Hinksey, Appleton and Cumnor wards). Population in mid-2015 was 126,200, and is set to increase to 145,400 in 2025 (+19,200 or 15 per cent).

In 2015 the population of Vale of White Horse aged 65 and over was 25,000, this is expected to increase to 31,000 by 2025. Over half of this increase is predicted to be in rural wards i.e. outside the main towns of Abingdon, Faringdon, Grove and Wantage. By 2037 the number of people aged 85+ living in the district is expected to reach 9,000, 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).

Between 2001 and 2011 the total number of households in Vale of White Horse increased by 3,600 (+8 per cent). As of 2011, there were 49,400 occupied households in Vale of White Horse, 72 per cent of which were owned in full or with a mortgage. The majority of this growth was in private rented households which increases reliance on the private rented sector.

Employment is high with only 0.6 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 Vale of White Horse was 8.33 times a lower band salary, and the Vale of White Horse 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 district.

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

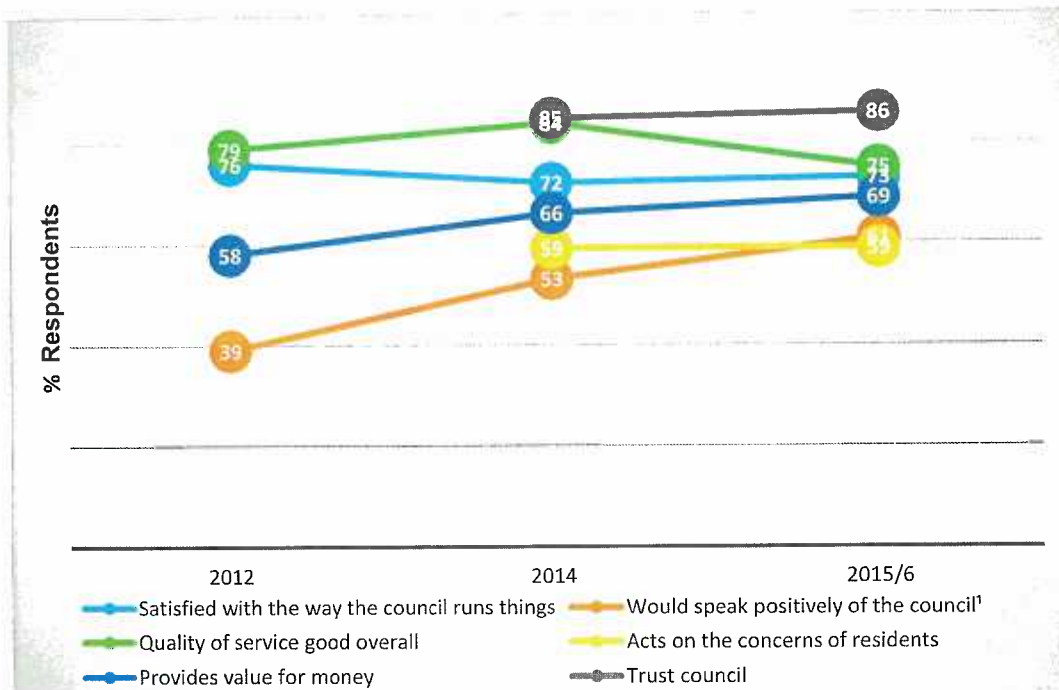
Excellent delivery of key services

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. Most showed an increase 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. 73 per cent of our residents are happy with the way the council runs things – a slight increase since the last survey. 86 per cent say they trust the council.

Chart 1 – Attitudes towards the Council



¹ question previously worded 'would speak highly'

76 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 drop in those who felt they were able to influence decisions. However, 59 per cent of residents agreed that the council acts on the concerns of residents, the same proportion as in 2014.

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 2nd spot in 2014/15¹. During 2014/15 we achieved a recycling rate of 65.57 per cent.

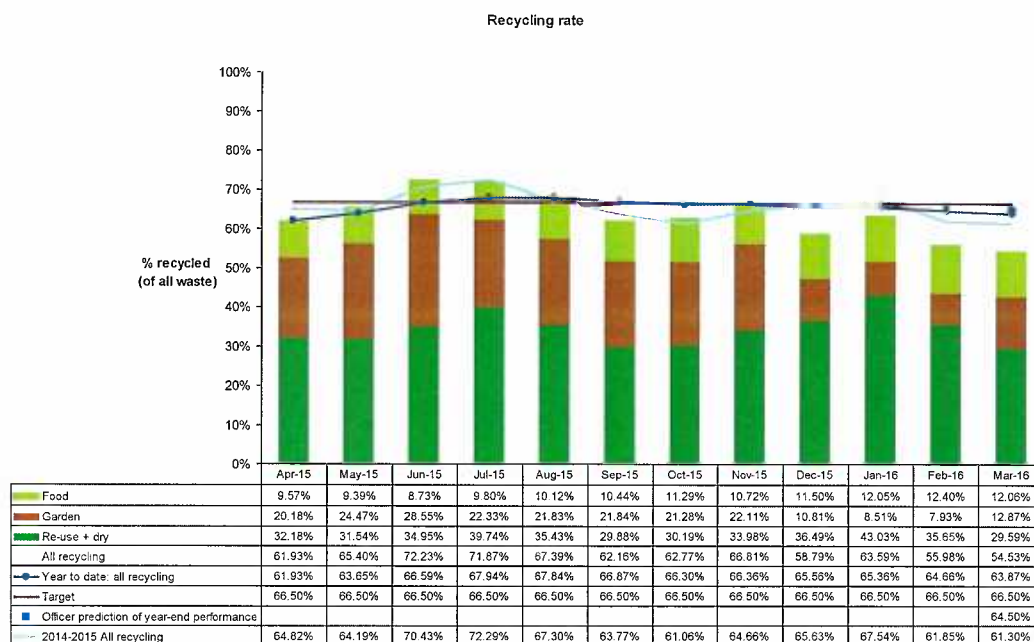
In year we measure performance through our board report which uses our own figures, not yet verified by DEFRA. Graph 1 below shows our performance in the past year. This also shows the breakdown of recycling by type.

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

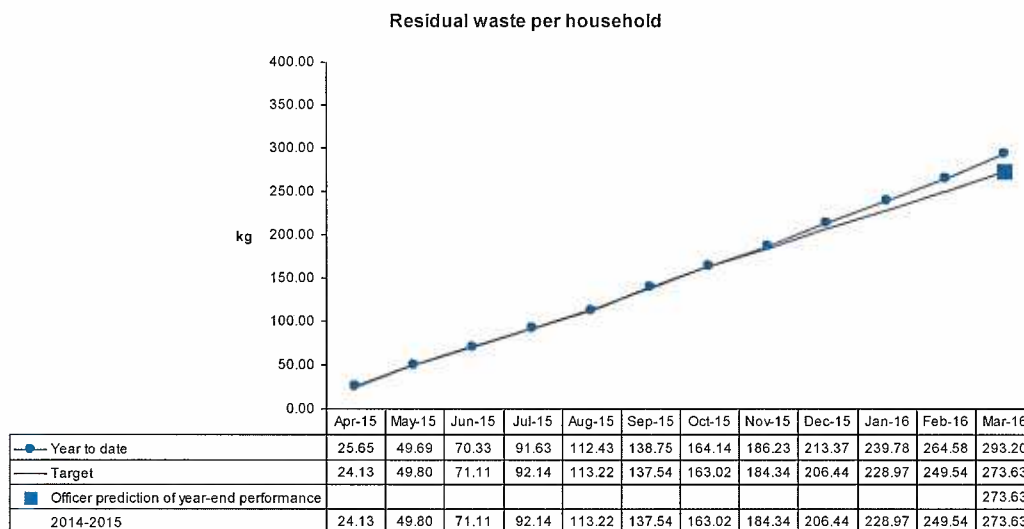
¹ 2014/15 is the latest year for which official figures published by DEFRA are available

² Figures used are not yet verified by DEFRA

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 £687,678 for dry recycling and £128,741 for green (garden waste) recycling in 2014/15³. For 2015/16 the dry recycling credits are £715,605, and green (garden waste) recycling are £138,924.

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

³ Latest available figures

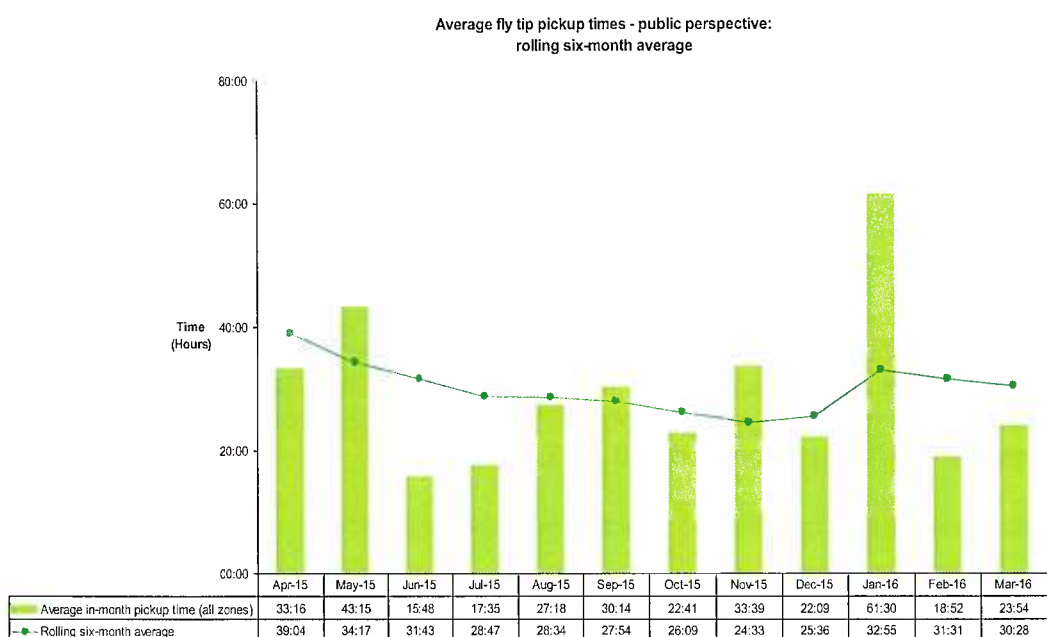
Quality of services – cleanliness

We have high levels of resident satisfaction with cleanliness, at 70 per cent, and have recently invested additional funding to introduce an annual ‘deep clean’ in each parish.

Fly tipping

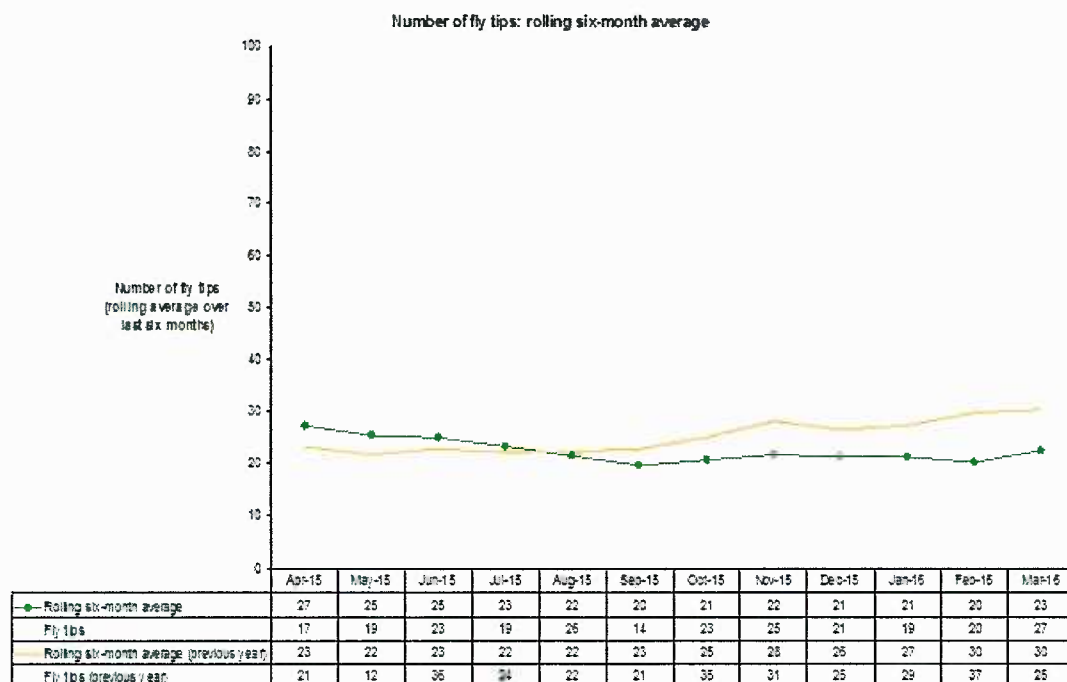
The council’s action to tackle fly tipping aims to achieve two things: investigation and enforcement action against those who commit it, with the long term aim of reducing the amount of fly tipping that occurs; and to clear it as quickly as possible where it does happen. Through our board report we monitor 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 23:54 in March 2016. The average number of fly tips has also decreased from 30 to 23⁴.

Graph 3 - Fly tipping clearance time



⁴ Rolling six month average

Graph 4 - Number of fly tips



Quality of services – Leisure

Our key aim in regards to leisure is to increase participation in sport and physical activity. According to the latest Active People survey data (2015), there has been a 3.5 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 since the last survey - from 25.3 per cent to 28.7 per cent. Visits to our leisure centres have increased by 6.3 per cent over the past year.

70 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 £381,459 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 £12 million for a new leisure centre in Grove/Wantage and is currently planning for leisure needs into the longer term.

Investment during 2015/16 has included replacement of gym equipment at Wantage and White Horse Leisure and Tennis centres.

Effective management of resources

Part of our philosophy, and one of our corporate priorities was to keep our share of council tax low (in the lowest 20 of all district councils) 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 South Oxfordshire 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 South Oxfordshire, Hart, Havant and Mendip district councils to outsource a number of council services, including HR, IT 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 the 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 remained frozen at £116.69, which in 2016/17 is the ninth 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 £1.3 million, this compared to income of £1.7 million in 2014/15.
- Land charges income totalled £0.2 million compared to £0.3 million in the previous year.
- At year end, sundry debtors more than 30 days were £126,000 (after adding back housing arrears and Westway service charges), which is the lowest debt figure ever for the council.
- The New Homes Bonus paid to the council for 2015/16 was £2.8 million, compared to an average of £1.9 million, putting us 38th out of all 201 non-metropolitan district councils.
- Our Council Tax collection rate of 98.68 per cent, put us 30th when ranked against all district councils at end March 2015.

Staff sickness absence is 6.13 per FTE at end March, compared to 4.46 for English district councils in 2013/14⁵

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

Meeting housing need

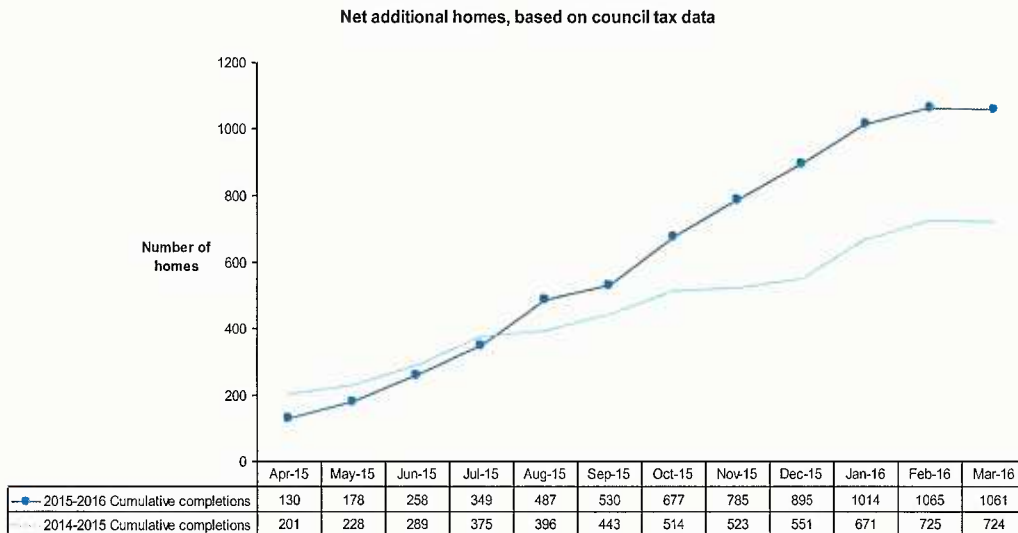
The Vale of White Horse is an attractive place to live and demand for housing is high. During the year we have made progress on our Local Plan, submitting the draft Local Plan for examination during March 2015. The examination hearings concluded during February 2016 and we are currently awaiting the Inspectors decision. The Preferred Options will allocate housing to settlements or specific sites for around 20,500 new homes and 23,000 new jobs 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.

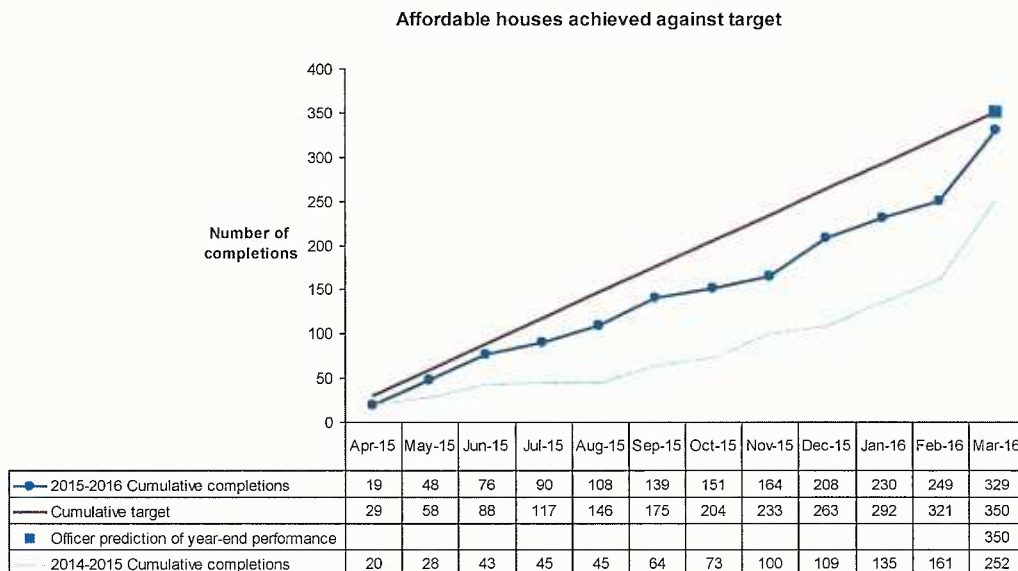
During the year 1,061 new homes have been built in the district, compared to 724 in 2014/15; completion of affordable homes is up from 252 in 2014/15 to 329 in 2015/16 (see graphs 5 and 6 below). At March 2015 we were 14th compared to all district councils for affordable homes built.

⁵ Source LG Inform, latest available figures

Graph 5 - Net additional homes 2016/17



Graph 6 - Affordable homes built 2015/16



In planning we receive around 2,900 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 2015/16 we were achieving 84 per cent within eight weeks, and 88 per cent within target time. Other applications were 18 per cent above the national target at 98 per cent at end March 2015.

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 £14.2 million.

At the end of 2014/15, nationally published figures put us 136th out of all district councils on major applications, 85th on minors and 98th on other applications.⁶

⁶ Source: Government website

A draft Community Infrastructure Levy (CIL) charging schedule has been submitted for examination alongside the draft Local Plan. Once the draft Local Plan had been adopted, examination of the CIL Charging Schedule will commence.

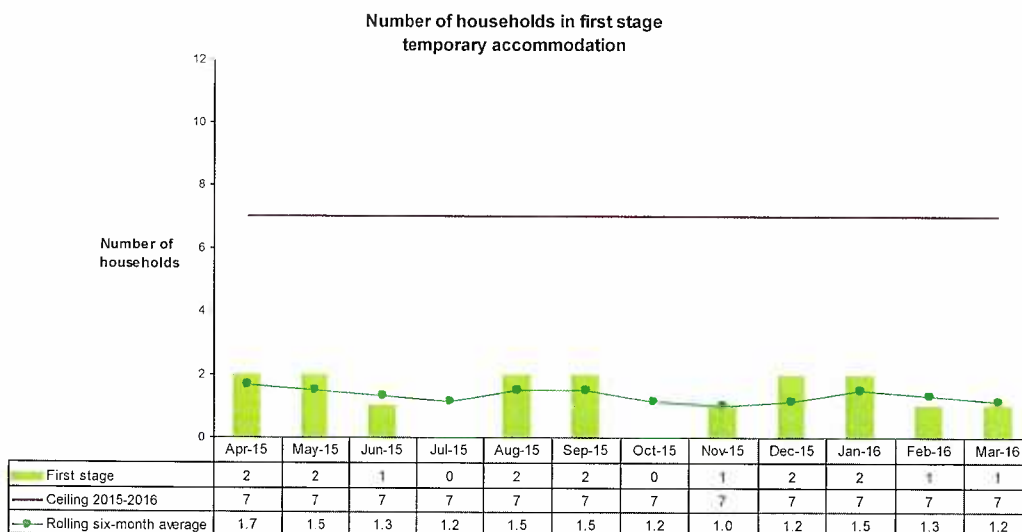
For 2016/17 the council will receive £3.9 million of New Homes Bonus. Due to the current Government consultation on allocation of New Homes Bonus we are unable to calculate with any certainty how much we are likely to receive in future years.

The number of households at risk of homelessness has gone up over recent years and we have increased our work on homelessness prevention, with 460 successful homelessness interventions in 2015/16, compared to 323 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), Connections Floating Support, Wantage Advice Centre and others 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 150 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 only one family in emergency temporary accommodation until alternative accommodation can be found. The rolling six month average of households in emergency temporary accommodation being 1.2 (see graph below). The average length of stay in emergency temporary accommodation for the year is 36 days. The number of households in temporary accommodation is decreasing in the Vale, despite numbers rising nationally in recent years.

Graph 7 - Number of households in temporary accommodation



Benefits

We monitor both time to determine and accuracy. Average time to determine claims at end 2015/16 was 4.71 days compared to 6.52 in 2014/15, and accuracy is 95.12 per cent. At end March 2015 we were 35th for benefit determinations compared to all district councils⁷.

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 South Oxfordshire 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:

- provided £250,000 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

Enterprise Zone monitoring: growth against baseline

In 2015/16 over £0.8 million of business rates were retained from the Science Vale Enterprise Zone (EZ) for the Local Enterprise Partnership. This brings the total retained in the first three years of the EZ to £1.7 million.

Support for market towns

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

- Funded market town co-ordinator posts in Faringdon and Wantage (total of £46,000 per annum).
- Supported the set up and establishment of the Abingdon Business Improvement District (set up costs £10,000 and ongoing costs of £12,000 per annum)
- Promoted the district to visitors through Visit Southern Oxfordshire. There are 104,331 unique visitors to the southernoxfordshire.com website a year. In 2014, visitor activity generated nearly £183 million worth of expenditure to the district (overnight and day trips), and supported around 3,350 tourism jobs in Vale of White Horse.

Overall vacancy levels in the towns are below national average of at an average of five per cent in Vale, with the national average being 12.5 per cent and footfall has increased in Vale towns by 15 per cent between 2014 and 2015, compared to national 0.9 per cent drop.

⁷ DWP figures, not comparable with board report figures

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 £117,786 in capital funding towards 18 different projects in communities; examples include Kingston Bagpuize Village Hall, Grove PCC Community Hall. We provided revenue funding to nine local voluntary organisations, totalling £227,088, including Community First Oxfordshire for support to rural communities and Wantage Independent Advice under a four year SLA. Our festivals grants scheme provided £12,150 to 19 communities to help with the costs of local events.

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 two parishes who currently have an agreed plan, and a further 14 working towards it.

We have supported a number of communities to produce or refresh Community Led Plans (CLP) in the year, and 31 of our 68 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 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 £12.4 million, after accounting for the use of reserves and investment income. Net revenue spend for the year was £1.4 million below budget as shown in the table below, analysed across the council's service areas. Of this £0.2 million was due to slippage and has been agreed as budget carry forwards. There was overachievement of income of £0.3 million including Legal services and property income. Prior year provision was not required for leisure contact payment saving £0.3 million.

Service expenditure	Budget £000	Actual £000	Variance £000
Strategic management board	556	519	(37)
Corporate strategy	5,292	5,170	(122)
Development and housing	614	707	93
Economy, leisure and property	(1,125)	(1,691)	(566)
Finance	2,179	2,216	37
HR, IT and technical services	1,843	1,693	(150)
Legal and democratic services	1,223	851	(372)
Planning	1,196	1,408	212
Contingency	322	0	(322)
Direct service expenditure	12,100	10,873	(1,227)
Interest	(411)	(542)	(131)
Government grant income	(2,882)	(2,898)	(16)
Transfer to/from reserves	604	620	16
Net revenue spend	9,411	8,053	(1,358)
Transfer of surplus to reserves:			
Net revenue spend	0	1,358	1,358
Retained business rates	0	386	386
Budget requirement set by council	9,411	9,797	386
Parish precepts	3,027	3,027	0
Total funding requirement	12,438	12,824	386
Revenue Support Grant (RSG)	(1,741)	(1,741)	0
Council tax income	(8,707)	(8,707)	0
Retained business rates	(1,990)	(2,376)	(386)
Total funding	(12,438)	(12,824)	(386)

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	
Balance of other variances that individually were less than £50,000	(37)
Total	(37)
Corporate strategy	
Community grants	
Received lower than budgeted requests for community grants	(134)
Waste services	
Under achievement of recycling income due to actual tonnage being less than budget	54
Other	
Balance of other variances that individually were less than £50,000	(42)
Total	(122)
Development and housing	
Housing register and homelessness	
A successful homelessness prevention program reduced the need to put people into temporary accommodation which has resulted in an under achievement of temporary accommodation income	79
Other	
Balance of other variances that individually were less than £50,000	13
Total	92

Major variations in service revenue expenditure	£000
Economy leisure and property	
Sport & recreation	
Prior year provision for contract payments was not required	(258)
Leisure	
Underspend on Wantage Grove leisure centre facility due to covenant negotiations taking longer than expected	(179)
Property trading	
More rental income received than anticipated	(136)
Other	
Balance of other variances that individually were less than £50,000	8
Total	(565)
Finance	
Revenues and benefits	
Additional housing benefit expenditure was partly offset against additional government grant income	74
Other	
Balance of other variances that individually were less than £50,000	(37)
Total	37
HR, IT and technical services	
Human resources	
Past service costs were less than budgeted	(51)
Other	
Balance of other variances that individually were less than £50,000	(99)
Total	(150)
Legal and democratic services	
Land charges	
Over recovery of income plus one-off government grant for claims regarding personal search fees the cost of which had been incurred in the previous financial year.	(193)
Legal	
Over recovery of income on section 106 agreements and property transactions	(103)
Licensing	
Taxi income exceeded budget	(63)
Other	
Balance of other variances that individually were less than £50,000	(13)
Total	(372)
Planning	
Planning policy	
Increased expenditure due to receipt of major planning applications	174
Other	
Balance of other variances that individually were less than £50,000	37
Total	211
Contingency	
Demand on contingency was less than anticipated	(322)
Total underspend on direct service expenditure	(1,228)

Capital outturn 2015/16

Capital expenditure totalled £2.6 million in 2015/16 and spend for the year was £1.4 million below budget. The largest scheme expenditure in year was on disabled facilities grants totalling £1.1 million.