

# **Statement of accounts**

## **2017/18**



Listening Learning Leading

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South Oxfordshire District Council  
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# Narrative Statement

## Introduction

This narrative statement provides a commentary on the council's performance during 2017/18. 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 89 to 95.

## 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 2018, and summarises the overall financial position of the council as at 31 March 2018. 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 South Oxfordshire district

South Oxfordshire is the 7th most rural district in the south east region, with an average of 2.0 persons per hectare. Around 57% of the population live in rural areas, outside the main towns of Didcot, Henley, Thame and Wallingford.<sup>1</sup> Population in mid-2016 was 138,128; of this figure, 21% (or 28,365 people) were aged 65 or over and 3% (or 3,853 people) were aged 85 or over.<sup>2</sup>

In 2030, the Office for National Statistics projects an increase by 8% to 148,700<sup>3</sup> (an extra 11,300 people). It is expected that there will be 38,300 people aged 65+, comprising 26% of the population. There are also projected to be 7,200 people aged 85+ (5% of the population); this growth in the very old (+190%) is higher than the England growth (+16%).

Between 2001 and 2011, the total number of households in South Oxfordshire increased by 2,000 (+4%). As of 2011, there were 54,104 occupied households in South Oxfordshire, 74% 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.<sup>4</sup>

Employment is high: of the resident population aged 16+, only 0.6% claim out of work benefits, compared with 1.9% across England.<sup>5</sup>

Whilst the district is generally affluent, this brings its challenges. In 2013, the cheapest (lowest quartile) market housing in South Oxfordshire was 11.84 times a lowest quartile salary, and the

<sup>1</sup> For this statistic, the following wards have been counted as "Urban": Didcot North East, Didcot South, Didcot West, Henley-on-Thames, Thame, Wallingford. All others have been counted as "Rural".

<sup>2</sup> 2016-based small area population estimates

<sup>3</sup> 2014-based subnational population projections

<sup>4</sup> Census 2011

<sup>5</sup> Percentage of those out-of-work on either Jobseekers Allowance or Universal Credit Data, as a proportion of the population aged 16-64. Source: DWP through Local Insight, Jan 2018.

South Oxfordshire ratio of lower quartile house prices to lower quartile earnings remains well above the England average of 7.72.<sup>6</sup> 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 council's senior management team 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 Joint (with Vale of White Horse District Council) 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**

The council's corporate plan 2016 – 2020 contains our strategic objectives and corporate priorities for the period:

- Invest in the district's future
- Unlock the potential of Didcot
- Homes and jobs for everyone
- Build thriving communities
- Services that reflect residents' needs
- Be tough on enforcement

## **INVEST IN THE DISTRICT'S FUTURE**

This means creating the right conditions for economic growth so that business, residents and workers can prosper; supporting businesses and our market towns; developing infrastructure to allow for business growth, including improved broadband and mobile phone coverage; providing new leisure facilities; and securing the Council's financial position. We have to balance supporting

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<sup>6</sup> Housing Affordability data for 2016 from ONS:  
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

business growth in appropriate locations across the district with protecting the character of our towns and villages. This is a key challenge for us.

### **Conditions for economic growth**

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 high-tech and design-based business into the area, and to support our Small- and Medium-sized Enterprises (SMEs) to grow. Our first enterprise zone, EZ1, covering Milton Park and Harwell, is performing strongly. EZ1 has seen cumulative growth in retained business rates income of more than £2 million since 2013/14. Our second enterprise zone, EZ2, covering a number of sites across Didcot, greater Milton Park and including the Didcot power station site, has been in place since 2016, and is seeing some early wins in terms of inward investment and some large businesses moving in.

### **Oxfordshire housing and growth deal**

Together with the other five councils in Oxfordshire and the Oxfordshire Local Enterprise Partnership (OxLEP), we have entered into a deal with central government which is expected to see a total investment of £215 million in housing and infrastructure across Oxfordshire over the next five years.

### **Optimisation of employment opportunities**

We have developed a Business and Innovation Strategy and launched an associated action plan for 2017-2020 to support SME businesses to be able to grow. We are also promoting the benefit of apprenticeships to local businesses.

We have continued to support the roll out of superfast broadband across the district, with over 95% of the district now able to access it.

### **Support for market towns**

Along with our outstanding countryside, our historic market 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 2017/18:

- Part-funded market town co-ordinator posts in Wallingford, Henley and Thame (total of £33,000 per annum). Provided £4,000 per annum for action plan projects in each town.
- Facilitated a district-wide network for sharing best practice in market towns in order to improve vitality of towns including town councils, business partnerships and the district council.

### **We will ensure our financial future**

Part of our philosophy, and one of our corporate priorities, is 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.

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 £116.24 for 2018/19, which is the sixth 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 2017/18:

- Planning income totalled £1.59 million against a budget of £1.7 million, this compared to income of £1.56 million in 2016/17.
- Land charges income totalled £301k compared to £326k in the previous year.
- Car parking income totalled £898k compared to £1.04 million in the previous year.
- The New Homes Bonus paid to the council for 2018/19 will be just under £2.5 million, putting us 38th out of all 201 non-metropolitan district councils.

Our Council Tax collection rate of 98.77% put us 34th when ranked against all non-metropolitan district councils at end March 2017.

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

## **UNLOCK THE POTENTIAL OF DIDCOT**

The Didcot Garden Town project is the focus for growth in Didcot, and will see over 15,000 new homes and around 20,000 new jobs created in the town, with the population set to double over the next few years.

The masterplan was published in October 2017, following a six-week consultation on the final draft version. The masterplan includes a better-connected town centre, with safe cycle routes to multiple locations, including the Harwell Campus, Mowbray Fields nature reserve, Didcot Parkway, allotments and Culham, and a new Leisure Centre in the North East of the town. It also includes recommendations for schools, health centres and other services, and proposals to work with the County Council, the NHS, highways, the ambulance service and the police, to ensure high quality services.

The masterplan also includes a proposal to bring forward new development sites in the town and the physical infrastructure needed to support new housing and commercial development. One of these infrastructure projects is the Didcot Northern Perimeter Road, and the council has since secured funding for this new road. This meets part of the corporate plan aim of attracting infrastructure funding that enables traffic to flow through and around the town.

Construction work on the major £50 million Phase II expansion of the Orchard Centre in Didcot is almost complete, with 60% of the extension already filled, and several branches of major retailers opened in March 2018.

## **HOMES AND JOBS FOR EVERYONE**

The council has the challenge of delivering significant numbers of new homes whilst also preserving our environmental assets for future generations. We aim to deliver the right balance of type and tenure of housing to meet housing needs, including starter and low-cost homes; to promote good quality design, self-build and custom-build initiatives, and to ensure that land is made available for these initiatives.

We are supporting communities to take control of development in their areas through developing Neighbourhood plans. Through engaging with businesses and local partners we will make sure that people can get the skills required to meet the needs of our businesses, and optimise employment opportunities for individuals. We will continue work to reduce homelessness.

### Meeting housing need and optimisation of employment opportunities

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, we have made progress on our Local Plan, and have completed and consulted on our Publication version, which is currently under review. This last consultation proposed two strategic housing sites, and the regeneration of Berinsfield. In total, we are proposing at least 17,050 new homes between 2011 and 2033.

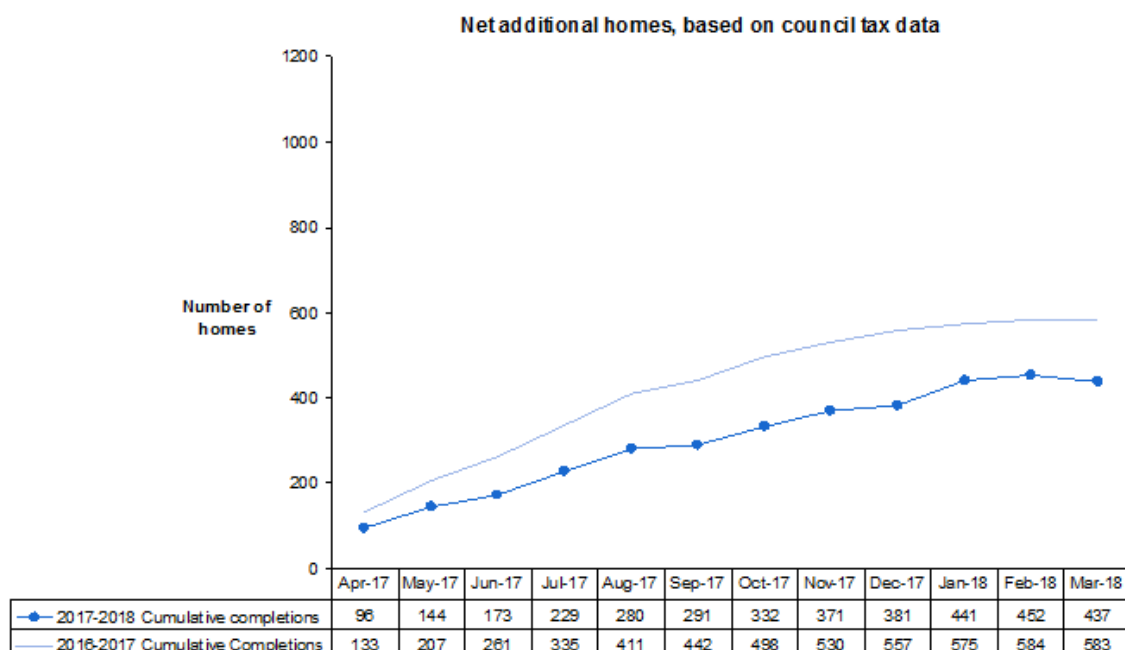
As part of the development plan for the district, we have 7 adopted Neighbourhood Plans, 9 at submission stage, and 230 plans that are works in progress.

The Government require us to have at least five years' housing land supply for development, and we have at 31 March 2018, 5.4 years' supply across our district.

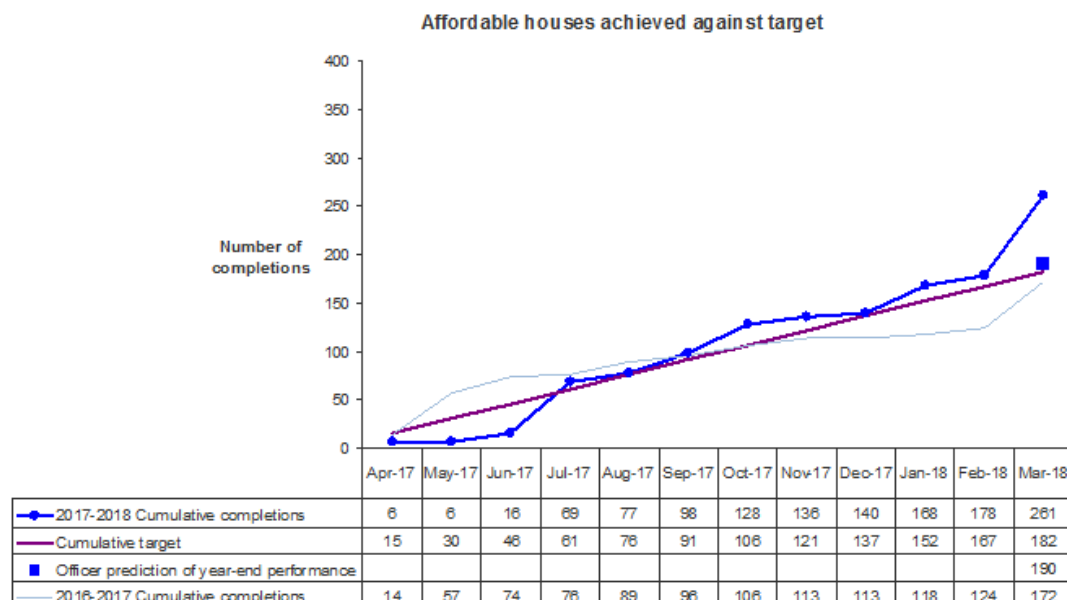
Our adopted design guide (2016), which is concise and more visual than previous versions, is helping to improve the quality of new development.

During the year, 437 new homes have been built in the district, compared to 583 in 2016/17; completion of affordable homes is up in 2017/18 to 261 compared to 172 in 2016/17 (see Graphs 1 and 2 below). For 2016/17, we were 17th compared to all non-metropolitan district councils for affordable homes built.

### Graph 1 - Net additional homes 2017/18



### Graph 2 – Affordable homes built 2017/18



In planning, we received around 2,370 applications for 2017/18. Planning performance is measured through the board report in relation to speed of planning applications 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 above the national targets of 65% and 60% respectively; at the end of the year we were achieving 82% (minors) within eight weeks, and 65% (majors) within target time. Other applications were 10% above the national target, at 90%. According to the Government's published figures for 2016/17, we were 104th out of all district councils on major applications, 80th on minors and 36th on other applications<sup>7</sup>.

To support the growth in housing and employment, we have secured section 106 (S106) contributions towards infrastructure from new development through legal agreements. During the financial year 2017/18, a total of £52.8 million (county and district contributions) was secured in S106 agreements from new development. A total of over £126,000 was spent during the 2017/18 financial year, including sums transferred to other council services such as waste collections and street naming, and nearly £44,000 to town and parish councils. These funds were spent from obligations secured across several financial years.

We have an adopted Community Infrastructure Levy (CIL) charging schedule, which came 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. We have sought £7.9 million under Demand Notices and received nearly £2.2 million in the year. We have also paid over £11,000 in CIL contributions to towns and parishes over the last year.

For 2018/19, the council will receive £2.5 million of New Homes Bonus.

## Homelessness reduction

The number of households at risk of homelessness approaching the council for assistance continues to rise year on year. We have increased our work on homelessness to a record 535 successful homelessness preventions in 2016/17, compared to 468 in 2015/16 (latest Government figures available).

<sup>7</sup> Source: .gov.uk website.



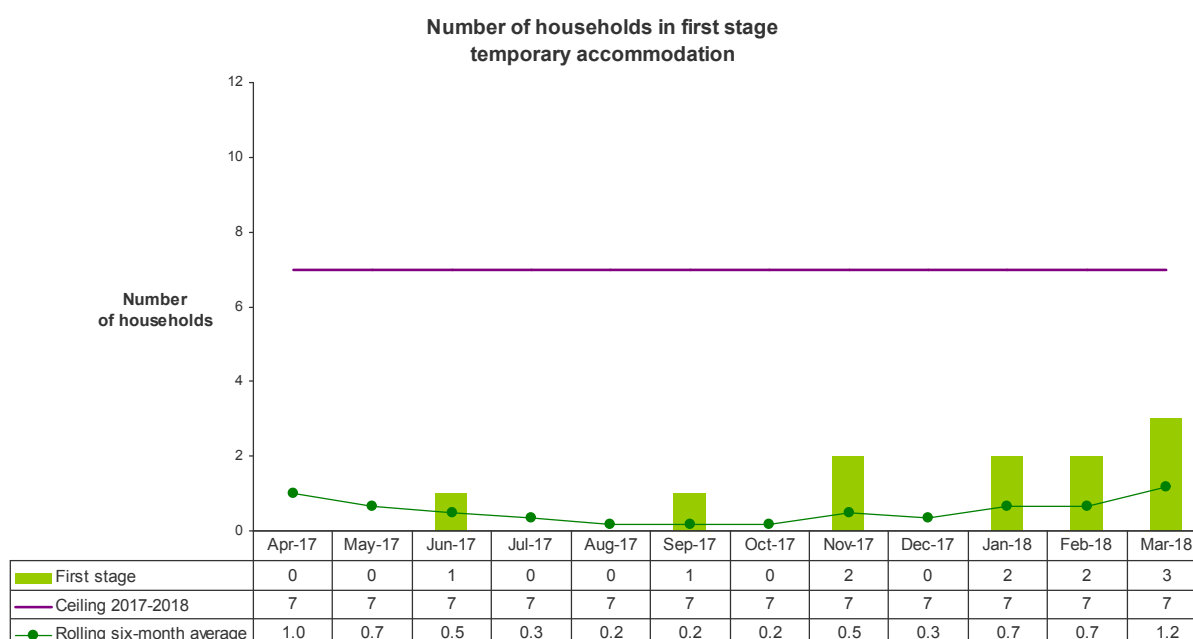
## Agenda Item 7

We have done this by proactively engaging with customers at the earliest point and through positive partnerships with other agencies. These include Citizens Advice Bureau and Connections Floating Support, who provide debt and welfare advice to enable customers to remain in their own homes. We have also introduced Enhanced Housing Options – an online assessment tool to help customers address their housing issues.

Our White Horse Lettings is dedicated to helping low-income families remain in the local area through affordable rents with a private landlord. We currently support approximately 140 tenancies in South Oxfordshire.

As of 31 March 2018, we had three households in emergency temporary accommodation; the rolling six-month average of households in emergency temporary accommodation was 1.2 (see graph below). The rolling six-month average length of stay for households in emergency temporary accommodation was just 11 days, compared to a ceiling target of 42 days.

**Graph 3 - Number of households in temporary accommodation**



## BUILD THRIVING COMMUNITIES

We want to build sustainable communities that are clean and safe, and where active lifestyles are encouraged. This means continuing our success in recycling and cleanliness, increasing participation in sports and leisure including through our own leisure centres, and helping communities to help themselves through grant funding and increasing volunteering.

### 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 funded an annual deep clean for every parish, which has been very popular. We continue to invest £60,000 per annum to continue with this scheme. We have high levels of resident satisfaction with cleanliness, at 77%.

## Waste and recycling

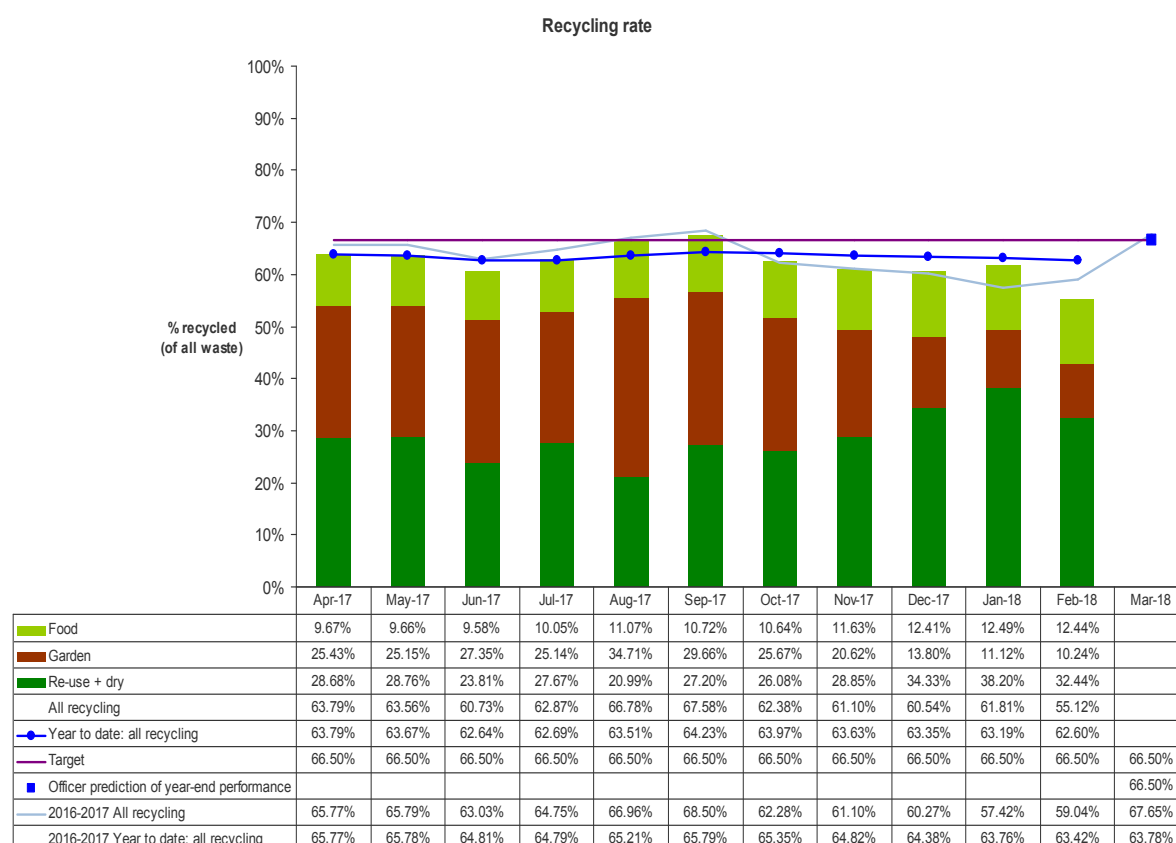
The council is proud of its record on waste and recycling; we have achieved efficiencies in our contract, and maintained consistently high levels of recycling and customer satisfaction with the service provided. Recycling rates are high, and we have been in the top three in the country for recycling for several years, with the top spot in 2015/16. During 2016/17, we achieved a recycling rate of 63.80% compared to 66.56% in 2015/16.

We carried out a very successful campaign in 2016/17 to reduce the amount of contamination in the recycling bins, this resulted in a reduction in the level of contamination from 12% down to 6%.

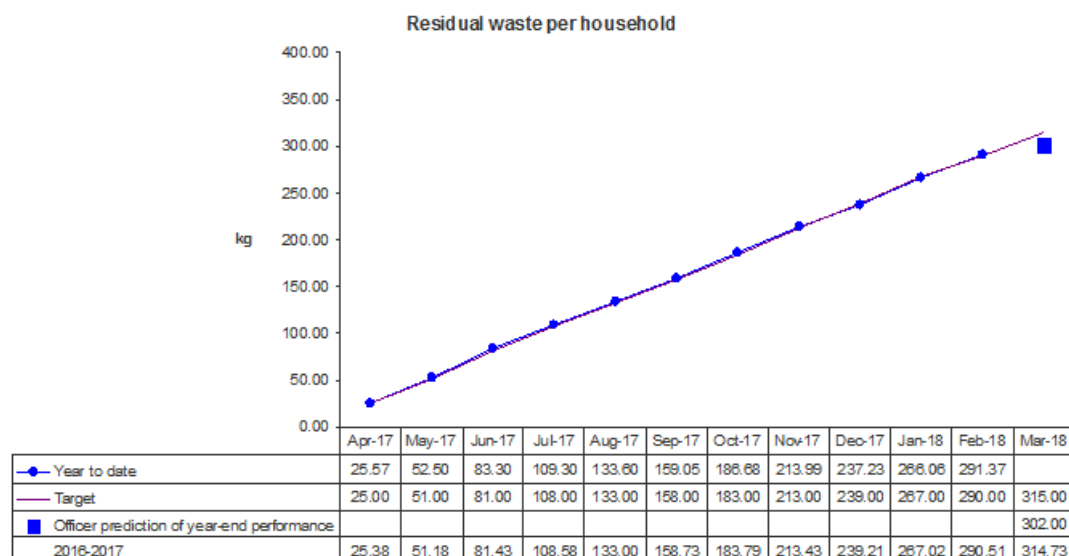
In year, we measure performance through our board report, which uses our own figures, not yet verified by DEFRA. Graph 4 below shows our performance up until end February 2018 (the latest data available). This also shows the breakdown of recycling by type.

Alongside this, residual waste has increased slightly as at end February 2018, relative to end February 2017. Using the latest DEFRA published figures (2016/17) we were second best in our benchmark group.

**Graph 4 – Recycling rate 2017/18**



**Graph 5 – Residual waste 2017/18**



Figures for recycling credits show we received £0.8 million for dry recycling in 2016/17. For 2017/18, the credits for dry recycling are £0.7 million.

Customer satisfaction with our waste collection service is high, at 85%.

### Helping people to become healthy and active

Our key aim regarding leisure is to increase participation in sport and physical activity. According to the new Active Lives survey, 63.8% of people in South Oxfordshire are active, doing over 150 minutes moderate intensity exercise a week. 24.7% are inactive, which is below the national average of 25.7%.

75% of service users are satisfied with our sport and leisure services.

During the year, we launched our new GO Active Juniors programme aimed at getting inactive youngsters and families active throughout the district. Our Go Active Gold project won Sports Project of the year at the Oxfordshire Sports Awards, recognition for two years of focused work at encouraging adults (60+) to lead more active lifestyles. This year also saw the introduction of Go Active Get Healthy with Diabetes. Since 2012, more than 25,000 people across South and Vale have actively engaged in the Go Active participation programmes.

We are very aware that development in the district needs to be matched by new facilities to meet a growing need, and during this year we consulted the public on our draft Leisure Strategy.

Investments in leisure facilities during 2017/18 has included refurbishment of changing facilities at Henley and Thame Leisure Centre, and Didcot Wave, in addition to a range of carbon-saving schemes to reduce carbon footprints and reduce costs.

### Supporting communities to help themselves

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 paid over £512k in revenue grants to 17 not-for-profit organisations to help with their running costs. We awarded £715k of our £730k capital grant budget in 2017/18, funding 19 projects across the district.

Our councillors also awarded a total over £156k in 107 councillor community grants, through a new grant scheme that launched this year giving each councillor a £5,000 grant budget.

In addition, in 2016/17 we agreed investment of £133k over two years in initiatives to make it easier for people to give their time as volunteers.

We have introduced a new Local Lottery. This is run by an external lottery manager, and enables local charitable causes to raise funds to support their cause, from the sale of lottery tickets to supporters. Projected income to support local groups and volunteers in year one (2018/19) is £56,000.

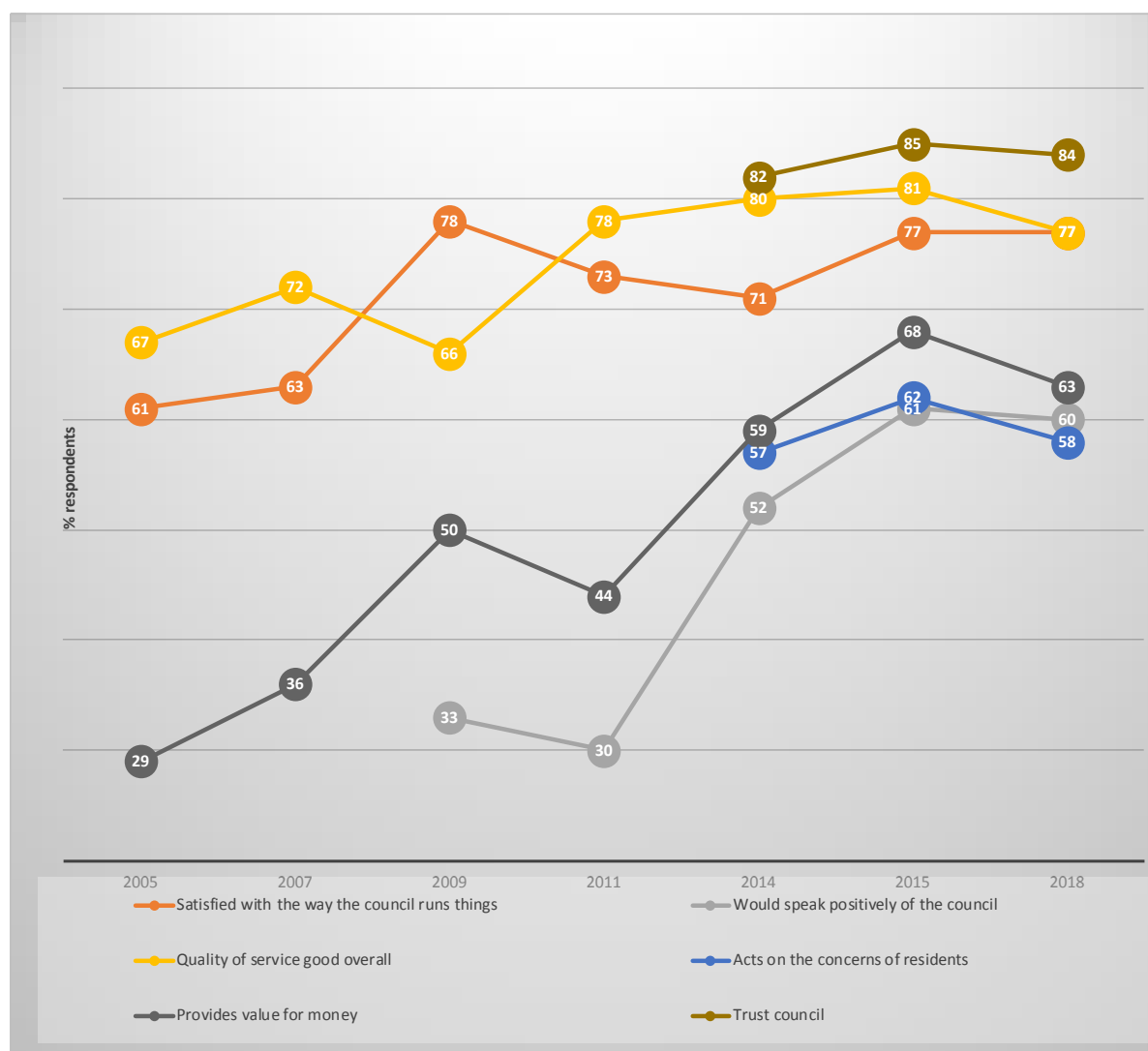
## **SERVICES THAT REFLECT RESIDENTS' NEEDS**

Levels of satisfaction with the council and our services is already high. Through increasing trust, maintaining our good reputation and working constructively with our parish councils, we want to provide high quality services that meet residents' needs and encourage greater participation in local democracy.

### **Engagement with residents and service users**

Chart 1 below shows how attitudes towards the council have changed over recent years. One reputation measure remained constant in 2017/18 relative to 2015/16; the remaining four experienced slight decreases. The reasons for these decreases are currently unclear. However, there has been 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.

**Chart 1 – Attitudes towards the Council**



## BE TOUGH ON ENFORCEMENT

We know that most of our residents are proud of their communities and want to do their best to protect the local area, but a small minority don't play by the rules and this affects the lives of the majority. We want the district to continue to be a great place to live, and have committed to being tougher on those who break the rules, whether this is through planning enforcement, enforcing standards in food businesses or taking action against environmental crimes such as dog fouling, fly tipping and litter.

### Food safety

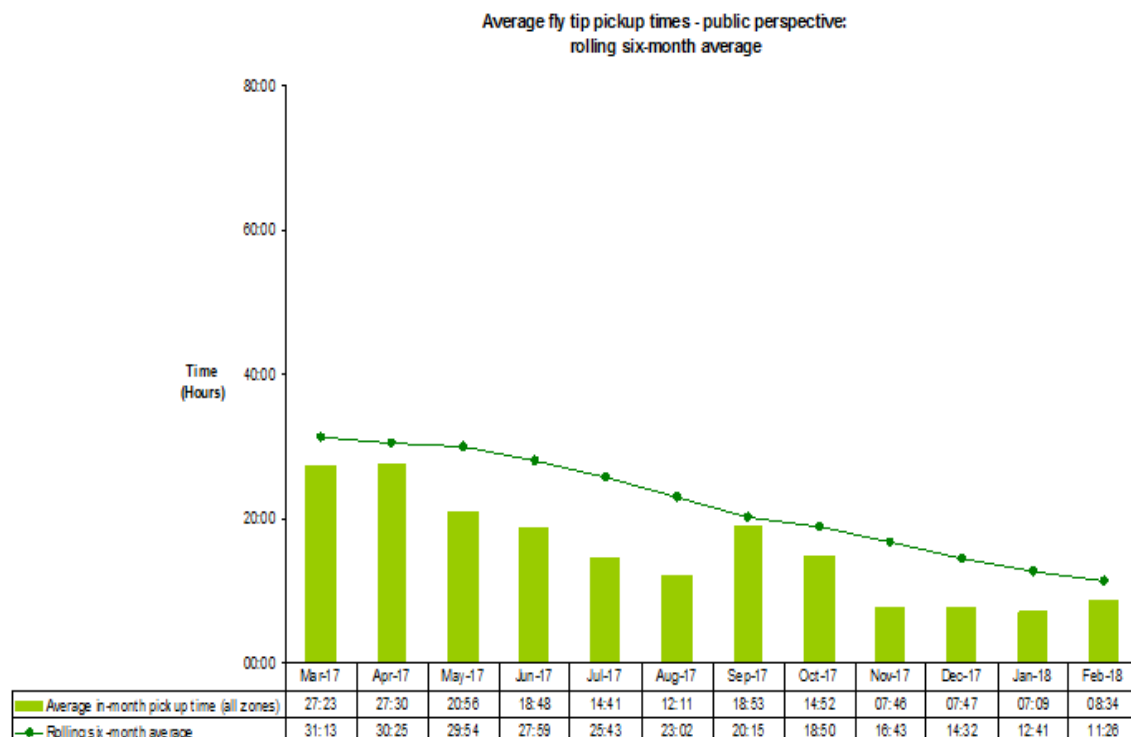
Through a risk-based inspection and enforcement programme, the councils will ensure that food businesses comply with food safety legislation, with the aim of 96% of businesses being compliant by 2020. We aim to achieve this by working positively with businesses and providing advice on how to meet the required standards. A compliance trial in 2017/18 indicated that the percentage of compliant premises has increased to 94%.

### Fly tipping

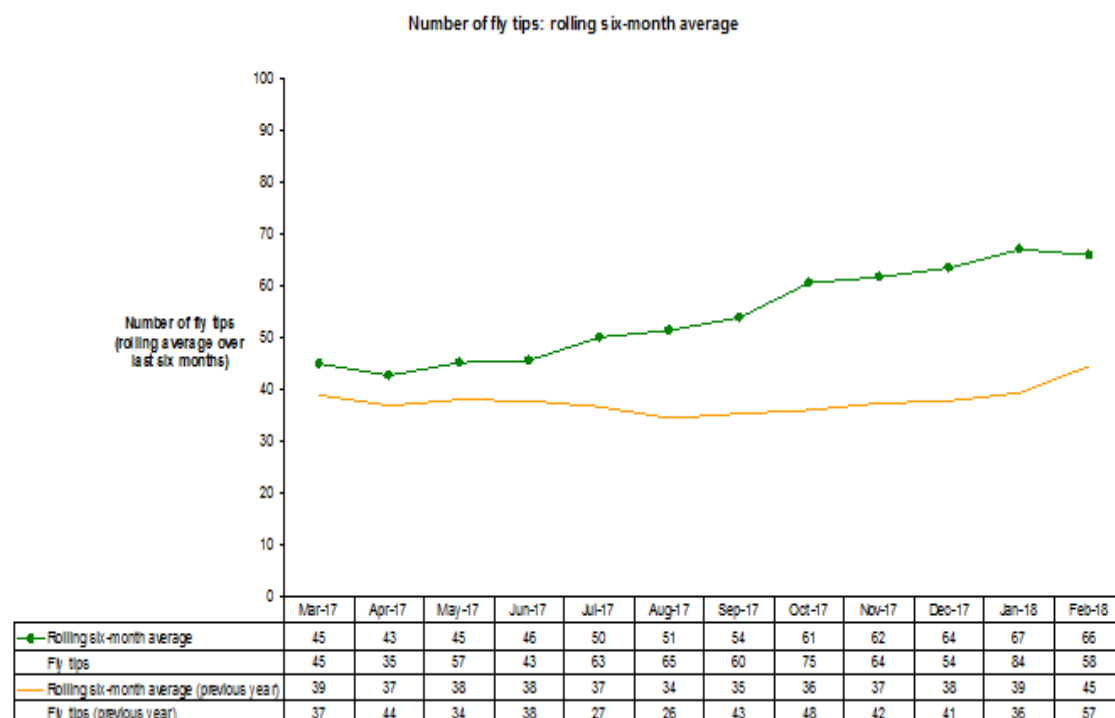
The council's action to tackle fly tipping aims to achieve two things: investigation and enforcement action against those who commit it, with the long-term aim of reducing the amount of fly tipping

that occurs; and to clear it as quickly as possible where it does happen. Through our board report we monitor both of these aims; performance in 2017/18 is shown in the graphs below. Average time to clear fly tips has decreased from an average of 30:25 hours in March 2017 to 11:26 in February 2018 (the latest data available). The average number of fly tips has increased from 45 to 66 over the same period<sup>8</sup>.

**Graph 6 - Fly tipping clearance time**



**Graph 7 - Number of fly tips**

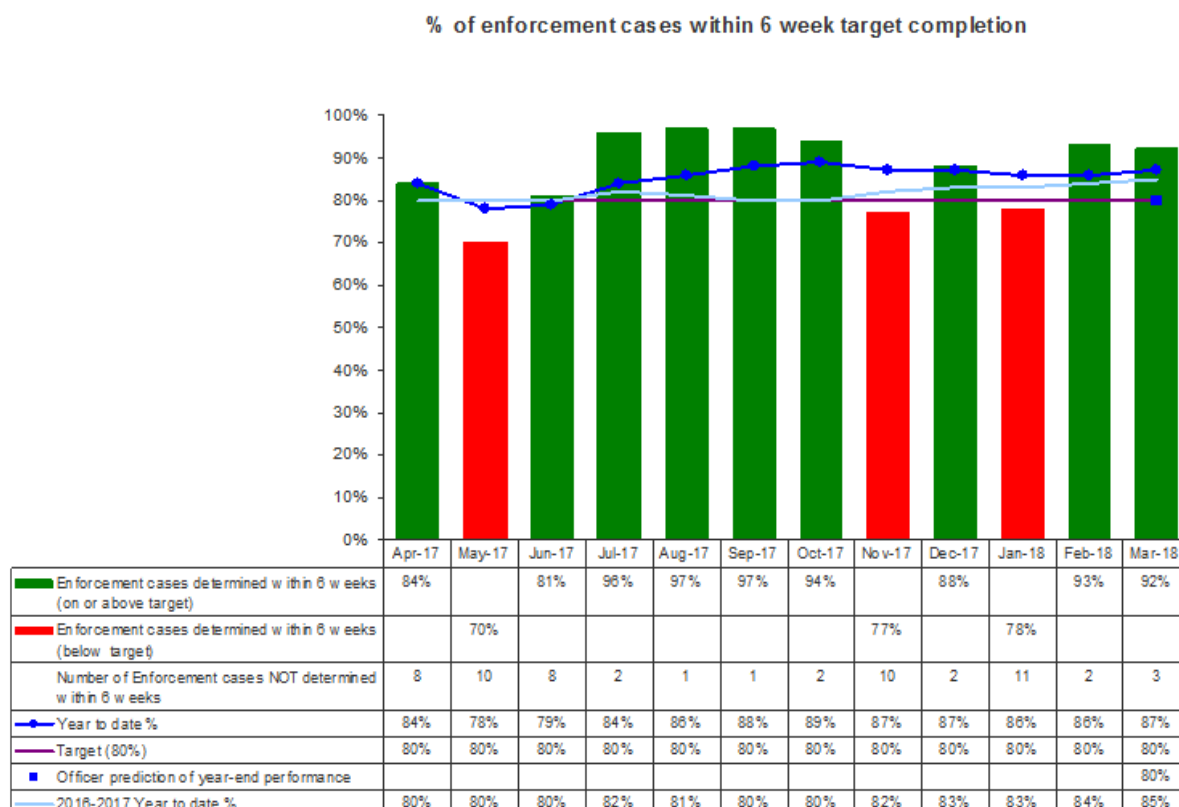


<sup>8</sup> Rolling six-month average  
South Oxfordshire District Council

## Planning enforcement

At March 2018, we were determining 92% of enforcement cases within our target time of six weeks. The proportion of cases determined within six weeks, averaged over the year, has increased slightly from 86% in 2016/17 to 87% in 2017/18, as shown in Graph 8 below.

**Graph 8 - Number of enforcement cases closed within six week completion target**



## Financial Performance 2017/18

The paragraphs below show the council's financial performance for 2017/18 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 2017/18

The council's budget requirement for 2017/18, including parish precepts, was £14.2 million, after accounting for the use of reserves and investment income. Net revenue spend for the year (i.e. expenditure less income) was £6.7 million below budget as shown in the table below, analysed across the council's service areas.

<b>Service expenditure</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
Client team - 5 Councils Partnership	1,770	1,460	(310)
Strategic management board	980	890	(90)
Corporate services	2,075	1,915	(160)
Development and housing	5,462	957	(4,505)
Finance	602	666	64
Legal and democratic services	1,382	1,509	127
Planning	2,233	1,589	(644)
Waste, Leisure & Env Health	5,499	4,909	(590)
Contingency	175	0	(175)
<b>Direct service expenditure</b>	<b>20,178</b>	<b>13,895</b>	<b>(6,283)</b>
Interest	(2,201)	(2,563)	(362)
Government grant income	(3,528)	(3,533)	(5)
Transfer to/from reserves	(4,930)	(4,930)	0
<b>Net revenue spend</b>	<b>9,519</b>	<b>2,869</b>	<b>(6,650)</b>
Transfer of surplus to reserves:			
Net revenue spend	0	6,943	6,943
<b>Budget requirement set by council</b>	<b>9,519</b>	<b>9,812</b>	<b>293</b>
Parish precepts	4,662	4,662	0
<b>Total funding requirement</b>	<b>14,181</b>	<b>14,474</b>	<b>293</b>
Revenue Support Grant (RSG)	(444)	(572)	(128)
Council tax income	(11,398)	(11,171)	227
Retained business rates	(2,339)	(2,731)	(392)
<b>Total funding</b>	<b>(14,181)</b>	<b>(14,474)</b>	<b>(293)</b>

Of the £6.7 million net revenue underspend above, £4.6 million represents slippage in one-off budgets that have been agreed as a budget carry forward to 2018/19. This includes £3.7 million of carry forwards in Development and Housing for development activity in respect of Didcot and Berinsfield, and over £0.5 million for progression of the Local Plan and Neighbourhood Plan.

### Capital outturn 2017/18

Capital expenditure totalled £2.7 million in 2017/18, and was £1.7 million below the working budget. Material capital expenditure projects include

- grants to local organisations £0.6 million
- disabled facilities grants £0.8 million
- expenditure on leisure facilities £0.7 million

The main source of funding for the programme was the council's own reserves of capital receipts (money we have set aside from the sale of assets), with the balance made up by government grants and other contributions, and earmarked revenue reserves.



Further details on both revenue and capital expenditure for 2017/18 will be provided in an outturn report to Scrutiny Committee to be considered at its meeting in September 2018, which includes an analysis of the underspend.

### **Treasury Management 2017/18**

In accordance with the Treasury Management Strategy, by actively managing its investments, the council earned interest and investment income of £2.6 million against a budget of £2.2 million. Of this income, £0.5 million represents dividends accumulated on the council's unit trust holdings, which are distributed as additional units. The remaining income will fund revenue expenditure during 2018/19.

Further details on treasury management for 2018/19 will be provided in an outturn report to be considered by the Joint Audit and Governance Committee and to Cabinet and Council later in the year.

### **Comprehensive Income and Expenditure Statement (CIES) 2017/18**

The CIES presents the council's income and expenditure for the year based on accounting standards, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations but this is different to the accounting cost. These adjustments are detailed in notes 2 to 5. After the total financing from government grants and local taxpayers of £22.4 million, the council's surplus on provision of services was £1.3 million.

This surplus is then adjusted further to produce the total comprehensive income and expenditure figure for the year which is a surplus of £7.8 million. This figure corresponds to the total movement on the balance sheet for the year.

### **Balance Sheet**

The reported net worth of the council increased from £122.9 million to £130.7 million at 31 March 2018, an increase of £ 7.8 million.

Usable reserves have increased by £4.3 million, reflecting the in-year underspend. This movement is detailed in the Movement in Reserves Statement (MiRS). The capital receipts reserve has increased by £0.5 million. The capital grants reserve has increased by £2.9 million.

Unusable reserves have increased by £3.5 million. This is principally the result of a decrease in the estimated long term pensions liability of £3.3 million due primarily to changes to actuarial assumptions.

At the balance sheet date the council had usable reserves of £110.8 million, made up of £60.1 million General Fund balance and earmarked reserves, £31.7 million in capital receipts and £19.0 million in unapplied capital grants.

### **Material events after the Balance Sheet date**

There are no material events after the balance sheet date.

### **Collection Fund**

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from local taxpayers of council tax and Non Domestic Rates (NDR) and its distribution to precepting bodies. For the council, the major council tax

precepting bodies are Oxfordshire County Council (OCC) and the Police and Crime Commissioner for Thames Valley.

On council tax, income of £97.6 million was received and £97.4 million was paid out in precepts and demands. After taking the provision for bad debts and balance brought forward into account, the surplus on the council tax collection fund balance at the end of the year was £2.3 million. This will be re-distributed to all major precepting authorities.

On Non Domestic Rates (NDR), £43.7 million was received and £42.4 million was paid out to the council, central government and Oxfordshire County Council (OCC). After taking the balance brought forward, provision for bad debts and the provision for appeals into account, the deficit on the NDR collection fund balance at the end of the year was £0.7 million. This will be shared between the council, central government and OCC.

### **Future prospects**

As part of the annual budget setting process for 2018/19, council agreed both its Medium Term Financial Strategy (MTFS) for 2018/19 to 2022/23, and the Medium Term Financial Plan (MTFP) for the same period. The MTFS sets out the objectives to be achieved and principles to be followed in setting the budget. The MTFP meanwhile provides a forward budget model for the next five years, highlighting known estimated budget pressures for new responsibilities and changes in legislation, predicted investment and capital receipts.

The MTFP highlights significant pressure the council anticipates in setting its revenue budget during the period covered. The key pressures are the anticipated reduction in government grant funding; the reform of the business rate retention scheme; and cost pressures in future years. In addition, further possible changes to the New Homes Bonus scheme may have a significant impact on the council financial position in future years.

For 2018/19 the revenue budget is forecast to use £5.8m of reserves. Based on the assumptions included within the MTFP it is estimated that the council's usable reserves, excluding balances held for the long term under the MTFS, will reduce to £12.9 million by March 2023. This reflects the council's revenue reserves being used to maintain a balanced budget unless further savings can be found.

Officers consider that the pressures highlighted are manageable in this period, in light of the reserves and balances available to the council. The council has already made considerable revenue savings in recent years by:

- merging its management team with Vale of White Horse District Council;
- merging many of its operational service teams with Vale of White Horse District Council;
- undertaking joint procurement with other councils;
- introducing "lean" business processes to save officer time.

Continuation of initiatives like these is expected to help meet the financial challenges facing the council.

As part of budget setting for 2018/19, council also agreed a capital programme to 2022/23 costing £61.0 million. The agreed financing of this programme is as follows:

- £56.0 million - council resources including New Homes Bonus;

- £5.0 million - other contributions.

### **Council resources**

Based on the council's budget proposals for revenue and capital, including assumptions about earnings on investment income, it is forecast that by 31 March 2023 the council will hold £12.9 million in usable reserves excluding balances held for the long term under the MTFS, made up of £5.2 million General Fund balance and £7.7 million in earmarked revenue reserves.

William Jacobs  
Head of Finance and Chief Finance Officer  
28<sup>th</sup> September 2018

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# Statement of responsibilities for the statement of accounts

## 1. The authority's responsibilities

The authority 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 arrangements. In this council, that officer is the head of finance and chief finance officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

## 2. Responsibilities of the chief finance officer

The chief finance officer's responsibilities include the preparation of the council's statement of accounts, which, in terms of the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom (the Code) is required to present a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ended 31 March 2018.

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 local authority code.

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.

I certify that this statement of accounts presents a true and fair view of the financial position of the authority at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

William Jacobs CPFA  
Head of Finance and Section 151 Officer

28 September 2018

# Independent auditor's report to the members of South Oxfordshire District Council

## Opinion

We have audited the financial statements of South Oxfordshire District Council for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Flow Statement,
- Financial statements notes 1 to 32; and
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of South Oxfordshire District Council as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the narrative statement set out on pages 3 to 19, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in August 2017, we are satisfied that, in all significant respects, South Oxfordshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

## Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

## Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Responsibilities for the Statement of Accounts set out on page 21, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance and Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### *Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources*

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in August 2017, as to whether the South Oxfordshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the South Oxfordshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the [name of body] had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



**Certificate**

We certify that we have completed the audit of the accounts of South Oxfordshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

**Use of our report**

This report is made solely to the members of South Oxfordshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Signature*

Andrew Brittain (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Reading

Date

The maintenance and integrity of the South Oxfordshire District Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.