

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2005/2006 – OVERVIEW FOR ELECTED MEMBERS

1. INTRODUCTION

Each year the Council has to produce a set of accounts just like any other organisation. The formal document is the Statement of Accounts which sets out the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The full draft Statement is available on the Accountancy Intranet. The purpose of this overview document is to provide elected members with a summary of key aspects of the more detailed Statement to aid understanding and assist with the scrutiny process.

2. APPROVAL PROCESS

The Accounts and Audit Regulations 2003 introduced an accelerated timetable for approval of the Statement of Accounts. The deadline for approval of the 2005/2006 Statement of Accounts is the 30th June, 2006.

This Council's timetable for approval is as follows:

- : Efficiency Policy Panel – 27th June, 2006
- : Cabinet formal approval – 29th June, 2006

The Accounts are then audited by KPMG who are Independent Auditors appointed by the Audit Commission. This must be complete and the Accounts published by the 30th September 2006.

3. BASIS OF ACCOUNTS

The Head of Financial Services, Keith Bannister is responsible for the preparation of the Statement of Accounts in accordance with the Code of Practice of Local Authority Accounting in the United Kingdom 2005.

The Accounts reflect fairly the financial position of Wyre Forest District Council for the year ended 31st March 2006. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in the detailed Statement. In addition, the Chief Executive and Leader of the Council are required to confirm the Council's System of Internal Control can be relied upon to produce an accurate Statement of Accounts, again this is contained in the main Statement.

4. KEY COMPONENTS

The Council's accounts for the financial year ended 31st March 2006, mainly comprise :-

(a) **The Consolidated Revenue Account**

This account covers many of the day to day activities that the Council is involved with, detailing revenue income and expenditure on each of the major activities. It excludes Capital, accounted for separately. Many of the activity descriptions are similar to those in the budget book, but are grouped into Standard Expenditure Analysis Areas (SEAS) for interauthority comparisons. Income from the Council's precept on the Collection Fund is included in this account.

(b) **The Collection Fund Income and Expenditure Account**

This reflects the statutory requirement to maintain a separate Collection Fund. This account records income received from the Council Tax, the old Community Charge and Business Rates. It also shows the distribution of that income to precepting authorities, such as Wyre Forest District Council, Worcestershire County Council, West Mercia Policy Authority, and The Hereford and Worcester Combined Fire Authority.

(c) **The Consolidated Balance Sheet**

This includes both Capital and Revenue and is fundamental to the understanding of the Council's year end financial position. It shows the balances and reserves at the Council's disposal, its long term indebtedness, the current assets employed in its operations and summarised information on the fixed assets held, but excludes trust funds.

(d) **The Statement of Total Movements in Reserves**

The statement brings together all the recognised gains and losses of the authority analysed between Capital and Revenue during the financial year.

(e) **The Cash Flow Statement**

The statement summarises major changes of the Council Funds over the period of the financial year.

5. FINANCE STRATEGY

The Council continues to implement the three year Finance Strategy endeavouring to balance service priorities against resources available. The increasing needs of the Community were recognised within the Strategy by setting a target Council Tax increase for the District of 2.5% per annum and by undertaking a Budget Consultation exercise. The Corporate Plan sets out the five key commitments for 2005/2006 reflected in the Finance Strategy.

6. SUMMARY OF THE CONSOLIDATED REVENUE ACCOUNT

Service Area	Net Expenditure/ (Income) £000's
Central Services to the Public	1,074
Cultural, Environmental and Planning Services	7,991
Highways, Roads and Transport Services	1,189
Housing Services	2,048
Corporate and Democratic Core	4,267
Net Cost of Services	16,569
Parish Precepts	335
Asset Management Revenue Account, Capital Financing Account (including Interest) etc	(5,032)
Amount to be met by Government Grant/Council Tax	11,872
Funded by:	
NNDR Re-distribution	(2,825)
Revenue Support Grant	(3,252)
Council Tax	(6,341)
Deficit/Surplus for the year	(546)
Note: Excludes FRS17	

7. OVERALL BUDGET VARIATIONS

Major revenue variations between the revised budget and outturn are shown in Appendix 3 to the main report on this agenda item.

A further detailed analysis of outturn compared to the original budget used for the 2005/2006 Council Tax levy is contained in the full Statement.

8. WHAT DO WE OWN (NUMBER OF ASSETS)?

Civic & Administrative Buildings	6
Car Parks	28
Trading Estates & Enterprise Centres	6
Public Conveniences	13
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3
Museums	1
Farms	2
Sports, Social Clubs, Fields & Parks	22
Nature Reserves	2
Other Land & Buildings	38
Vehicles & Equipment	44
Play Equipment	various
Note: The Council also owns a number of assets below the de minimis level of £10,000 which are not shown in these figures	

9. **SIMPLIFIED BALANCE SHEET**

What the Council owns and is owed	31/03/06 £000's
What we own:	
Buildings, Land, Vehicles and Equipment	41,886
Stock	120
Cash Invested	21,085
Money owed to the Council	5,973
What we owe:	
Money owed by the Council	(5,876)
Total Value of what we own	63,188
Financing:	
Long Term Borrowing	47
Capital Financing Reserves	40,728
Capital Expenditure Reserve	15,314
Reserves & Provisions set aside for the future	2,255
General Reserves	4,844
	63,188

Notes:
 General Reserves include a Collection Fund revenue balance of £305,000. The Collection Fund is 'ring fenced' and is not available for General Fund purposes.

This simplified Balance Sheet excludes the impact of FRS17.

10. WHAT ARE WE WORTH (OUR RESERVES)?

General Fund Reserves:	£000's
At beginning of the year	3,993
Add surplus for the year	546
Balance at the end of the year	4,539
The Council has a duty in law to keep a sensible (prudent) level of General Reserves. It is our policy to keep a minimum working balance of £700,000. We have agreed to use £1,529,370 in our budget for 2006/2007, £723,990 for 2007/2008 and £1,115,740 for 2008/2009.	
Reserve and Provision set aside for future:	
The savings and money set aside for the future are :-	
Capital Expenditure Reserve	15,314
Earmarked Reserves	1,550
Capital Contributions Unapplied (Grants)	656
Provision for Severn Trent Superannuation	49
Total Reserves and Provisions	17,569

11. HOW WELL HAVE WE PERFORMED?

Finances:

Borrowing Money - average interest rate: not relevant since the Council is debt free

Investing Money - average interest rate: 4.79%

Payment of what we owe:

Prompt Payment – we paid 97.15% of all invoices within 30 days

Collection of what is owed to us:

Council Tax - we collected 98.4%.

Performance against national and local measures:

Each year we show the results of how we performed against a range of national and local performance measures (performance indicators).

The Council has improved its performance in more areas than not :

Performance relative to previous year - National Performance Indicators (PI's)

50% PI's Improved
25% PI's Decreased
25% PI's Same

12. SUMMARY

This Overview gives a summary of the Statement of Accounts, which is a snapshot of this Council's finances as at 31st March 2006, showing:-

- How much money we have at 31st March 2006 (reserves)
- How the money is invested at 31st March 2006 (buildings, equipment and cash)
- How we raised income during the year
- How we spent money during the year
- How we performed against our budget
- How we performed in looking after the money

13. FINANCIAL TERMS EXPLAINED

We have tried to avoid using too many financial terms in this Overview, but here are a few of them explained for you :-

Assets: Buildings, land, vehicles and money in the bank.

Borrowing: Money we have borrowed to pay for fixed assets and are repaying over a number of years.

Capital Expenditure: Spending on new assets and the refurbishment of old ones like buildings and vehicles.

Capital Expenditure Reserve: Allocated usable capital receipts.

Capital Financing Reserve: Capital accounting reserve "backed" or balanced within balance sheet by fixed assets - not a funding resource available to spend.

Creditors: Those to whom we owe money.

Debtors: People or organisations who owe us money.

Depreciation: Some assets lose their value as they get older; this is called depreciation.

Fixed Assets: Things that will last more than one year.

FRS17: Accounting adjustment to show the full impact of pension fund transactions and resultant potential liability

Reserves: Savings or money set aside for the future.

Revenue Expenditure: Spending (and income) on day to day running costs, for example, employees. day to day running expenses including items like premises costs and supplies and services.

Stocks: Things we have bought but have not yet used.

14. HEAD OF FINANCIAL SERVICES ENDORSEMENT

This is the first time this Overview has been prepared for elected Members and I hope it helps understanding of our Finances and Accounts.

Finance continues to be a challenging area both locally and nationally and 2005/2006 saw the successful introduction of a new Financial Management System to assist us in the provision of a flexible, cutting-edge service. This is key to my role, as Wyre Forest District Council's finances are at the heart of what we do, where the money comes from and where it is spent affects us all and the services provided by the Council. If Members have any questions or would like further explanation of our financial position, please use the Efficiency Policy Panel as an opportunity to raise them or alternatively contact either myself, Joan Hill or a member of the Accountancy team. A copy of the full Draft Statement of Accounts is available on the Accountancy Intranet; once approved it will also be made available on the Council's Internet.