

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2007/2008 – OVERVIEW

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 (Statement) 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 Statement will be published on the Council's web-site by the 30th of September 2008. The purpose of this overview document is to provide a summary of key aspects of the more detailed Statement to aid understanding and assist with the scrutiny process.

2. APPROVAL PROCESS

The deadline for approval of the 2007/2008 Statement of Accounts was the 30th June, 2008 in accordance with the Accounts and Audit Regulations.

This Council's timetable for approval is as follows:

- : Audit Committee - 23rd June, 2008; and then to
- : Cabinet - 26th June, 2008
- : Audit Committee – 29th September, 2008 (revised version)

The Accounts are audited by the Audit Commission who are the Council's external auditors. Regulations require that the Statement of Accounts is published by the 30th September 2008.

3. BASIS OF ACCOUNTS

The Head of Financial Services, David Buckland, 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 2007.

The Accounts present fairly the financial position of Wyre Forest District Council for the year ended 31st March 2008. 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 Governance arrangements 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 2008, mainly comprise:-

(a) **The Income and Expenditure Account and The Statement of Total Movement on the General Fund Balance**

These cover 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 for interauthority comparisons. Income from the Council's precept on the Collection Fund is included in these accounts.

(b) **The Statement of Total Recognised Gains and Losses**

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

(c) **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 and Business Rates. It also shows the distribution of that income to precepting authorities, including Wyre Forest District Council, Worcestershire County Council, West Mercia Policy Authority, and The Hereford and Worcester Fire and Rescue Authority.

(d) **The Balance Sheet**

This relates to the Council's year end financial position, covering both Capital and Revenue. It shows the balances and reserves at the Council's disposal, summarised information on the fixed assets held, the current assets employed in its operations and its long term indebtedness.

(e) **The Cash Flow Statement**

The statement summarises major movements 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 four service and four organisational themes for 2003 to 2008 as reflected in the Finance Strategy. The Strategy also supports the three priorities for 2007/2008 being Service, Efficiency and Prosperity.

6. **SUMMARY OF THE INCOME AND EXPENDITURE ACCOUNT/STATEMENT OF TOTAL MOVEMENT ON GENERAL FUND BALANCE**

2006/2007 Net Expenditure/ (Income) £000's	Service Area	2007/2008 Net Expenditure/ (Income) £000's
1,039	Central Services to the Public	1,113
7,966	Cultural, Environmental and Planning Services	9,463
1,423	Highways, Roads and Transport Services	1,663
2,231	Housing Services	1,445
3,135	Corporate and Democratic Core	3,635
15,794	Net Cost of Services	17,319
348	Parish Precepts	386
(2,481)	Investment Income and other Accounting Adjustments	(1,924)
604	Statement of Movement on the General Fund Balance	(1,418)
14,265	Amount to be met by Government Grant/Council Tax	14,363
	Funded by:	
(6,108)	NNDR Re-distribution	(6,583)
(1,179)	Revenue Support Grant	(1,105)
(6,540)	Council Tax	(6,771)
<u>438</u>	Movement in Revenue Fund Balance (including a transfer in 2007/2008 of £398K from Earmarked to General Reserves in accordance with Finance Strategy Council instruction)	<u>(96)</u>
	Transfer from Earmarked Reserves	(398)
	Decrease in General Fund Balance relating to operating Activities	302

7. **OVERALL BUDGET VARIATIONS**

Major revenue variations between the revised budget and actual were shown in Appendix 2 to the main report to this Committee on the 23rd of June, 2008. This demonstrates a saving of £320,370 compared to the revised budget; this saving will be reconsidered in accordance with the Council's Finance Strategy, as part of the 2009/2012 Budget Process.

A further analysis of actual compared to the original budget used for 2007/2008 is contained in the full Statement.

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

Civic & Administrative Buildings	5
Car Parks	28
Trading Estates & Enterprise Centres	5
Public Conveniences	14
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3
Museums	1
Farms	2
Sports, Social Clubs, Fields & Parks	26
Nature Reserves	3
Other Land & Buildings	41
Vehicles & Equipment	96
Play Equipment / Open Spaces 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

31/03/07 £000's	What the Council owns and is owed	31/03/08 £000's
	What we own:	
36,580	Buildings, Land, Vehicles and Equipment	47,742
103	Stock	89
26,685	Cash Invested	23,935
4,276	Money owed to the Council	5,531
	What we owe:	
(7,577)	Money owed by the Council	(8,326)
(31,048)	Pension Fund Liability	(42,247)
29,019	Total Value of what we own	26,724
	Financing:	
34,459	Capital Financing Reserves	44,771
19,280	Capital Expenditure Reserve	18,198
2,183	Earmarked Reserves	1,756
4,145	General Reserves	4,246
(31,048)	Pensions Reserve	(42,247)
29,019		26,724
Notes:		
General Reserves include a Collection Fund revenue balance of £305,000 in 2006/2007, £344,000 in 2007/2008. The Collection Fund is 'ring fenced' and is not available for General Fund purposes.		

10. WHAT ARE OUR RESERVES?

31/03/07 £000's	General Fund Reserves:	31/03/08 £000's
4,539	At beginning of the year	4,101
(438)	Movement in Revenue Fund Balance	96
4,101	Balance at the end of the year	4,197
<p>The Council has a duty in law to keep an appropriate (prudent) level of General Reserves. It is our policy to keep a minimum working balance of £700,000. The approved budget has agreed to use £1,429,710 in our budget for 2008/2009, £742,230 for 2009/2010 and £1,027,280 for 2010/2011.</p>		
	Capital Expenditure Reserve and other Reserves and Capital Contributions set aside for the future:	
	The savings and money set aside for the future are :-	
19,280	Capital Expenditure Reserve	18,198
2,183	Earmarked Reserves	1,756
981	Capital Contributions Unapplied (Grants)	886
22,444	Total Reserves and Provisions	20,840

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: 5.72%

Payment of what we owe:

Prompt Payment – we paid 98.69% of all invoices within 30 days

Collection of what is owed to us:

Council Tax - we collected 98.5%.

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)

46% PI's Improved
26% PI's Same
28% PI's Worsened

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 2008, showing:-

- 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
- How much money we have at 31st March 2008 (reserves)
- How the money is invested at 31st March 2008 (buildings, equipment and cash)

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.

Earmarked Reserves: Savings or money set aside for the future for a specific purpose.

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**

The purpose of this overview is to help with the overall understanding of the Council finances and accounts. This is an on-going process if you have any comments in relation to how we can improve this understanding please let me know.

During the last year the government announced the Comprehensive Spending Review 2007, within this review expected levels of financial settlements for the Council were announced for each of the next three years. These settlements help the Council plan however, the future for the Council remains extremely challenging with the emphasis on delivering Value for Money for the Council Tax payers of Wyre Forest. With this in mind the Council continues to explore opportunities for collaboration and partnership, and has recently approved a Shared Services strategy. Further guidance is being developed in relation to on-going efficiency improvements within all of the Council's services.

If Members have any questions or would like further explanation of our financial position, please contact either myself, or a member of the Accountancy team.

A full copy of the Statement of Accounts will be published on the Council's website by the 30th of September 2008.