

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2008/2009 – 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 Audited Statement will be published on the Council's web-site by the 30<sup>th</sup> of September 2009. 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 2008/2009 Statement of Accounts is the 30<sup>th</sup> June, 2009 in accordance with the Accounts and Audit Regulations.

This Council's timetable for approval is as follows:

- : Cabinet - 23<sup>rd</sup> June, 2009 (summary only); and then to
- : Audit Committee - 29<sup>th</sup> June, 2009
- : Audit Committee – 28<sup>th</sup> September, 2009 (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 30<sup>th</sup> September 2009.

**3. BASIS OF ACCOUNTS**

The Chief Financial Officer the Director of Resources, David Buckland, is responsible for the preparation of the Statement in accordance with the Code of Practice of Local Authority Accounting in the United Kingdom 2008.

The Accounts present fairly the financial position of Wyre Forest District Council for the year ended 31<sup>st</sup> March 2009. 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 within the Annual Governance Statement.

#### **4. KEY COMPONENTS**

The Council's accounts for the financial year ended 31<sup>st</sup> March 2009, 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 aims for 2008 to 2011 as reflected in the Finance Strategy. The Strategy also supports the four corporate priorities for 2008/2009 being more affordable housing, reducing waste to landfill and increasing recycling, district wide regeneration and improving efficiency and value for money.

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

2007/2008 Net Expenditure/ (Income) £000's	Service Area	2008/2009 Net Expenditure/ (Income) £000's
1,113	Central Services to the Public	1,175
9,463	Cultural, Environmental and Planning Services	10,464
1,663	Highways, Roads and Transport Services	2,605
1,445	Housing Services	1,762
3,635	Corporate and Democratic Core	5,779
17,319	<b>Net Cost of Services</b>	21,785
386	Parish Precepts	420
(2,228)	Investment and Right to Buy and other Capital Income	(1,586)
(1,114)	Other Accounting Adjustments*	(3,825)
14,363	<b>Amount to be met by Government Grant/Council Tax</b>	16,794
	Funded by:	
(6,583)	NNDR Re-distribution	(6,916)
(1,105)	Revenue Support Grant	(963)
(6,771)	Council Tax	(6990)
0	Area Based Grant	(571)
(96)	<b>Movement in Revenue Fund Balance</b>	<u>1,354</u>
(398)	<b>Transfer from Earmarked Reserves</b>	(22)
302	<b>Decrease in General Fund Balance relating to operating Activities</b>	1,376
* This takes into account entries required to reflect issues including depreciation, reduction in market value of assets and the position of this Council's Pension Fund		

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, 2009. This demonstrates a saving of £46,080 compared to the revised budget; this saving will be reconsidered in accordance with the Council's Finance Strategy, as part of the 2010/2013 Budget Process.

A further analysis of actual compared to the original budget used for 2008/2009 is contained in the full Statement.

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

Civic & Administrative Buildings	5
Car Parks	29
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	80
Play Equipment /Systems Software/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

31/03/08 £000's	What the Council owns and is owed	31/03/09 £000's
	<b>What we own:</b>	
47,742	Buildings, Land, Vehicles and Equipment	40,909
89	Stock	105
25,123	Cash Invested	18,216
4,343	Money owed to the Council	3,177
	<b>What we owe:</b>	
(8,326)	Money owed by the Council	(7,931)
(42,247)	Pension Fund Liability	(40,533)
<b>26,724</b>	<b>Total Value of what we own</b>	<b>13,943</b>
	<b>Financing:</b>	
44,771	Capital Financing Reserves	37,864
18,198	Capital Expenditure Reserve	15,161
1,756	Earmarked Reserves	1,897
4,246	General Reserves	2,870
(42,247)	Pensions Reserve	(40,533)
0	Financial Instruments Adjustment Account	(3,316)
<b>26,724</b>		<b>13,943</b>
<b>Notes:</b>		
General Reserves include a Collection Fund revenue balance of £27,000 in 2008/2009, £49,000 in 2007/2008. The Collection Fund is 'ring fenced' and is not available for General Fund purposes.		

## 10. WHAT ARE OUR RESERVES?

31/03/08 £000's	<b>General Fund Reserves:</b>	31/03/09 £000's
4,101	At beginning of the year	4,197
96	Movement in Revenue Fund Balance	(1,354)
<b>4,197</b>	<b>Balance at the end of the year</b>	<b>2,843</b>
<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 £822,850 in our budget for 2009/2010, £292,020 for 2010/2011 and £769,950 for 2011/2012.</p>		
	<b>Capital Expenditure Reserve and other Reserves and Capital Contributions set aside for the future:</b>	
	The savings and money set aside for the future are :-	
18,198	Capital Expenditure Reserve	15,161
1,756	Earmarked Reserves	1,897
886	Capital Contributions Unapplied (Grants)	927
<b>20,840</b>	<b>Total Reserves and Provisions</b>	<b>17,985</b>

## 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: 4.73%

### **Payment of what we owe:**

Prompt Payment – we paid 98.23% of all invoices within 30 days

### **Collection of what is owed to us:**

Council Tax - we collected 98.34%.

### **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).

**We use National Performance Indicators (PI's) to measure our performance; a revised scheme was introduced from 1<sup>st</sup> April 2008 so no year on year comparisons on overall comparisons are available yet but will reported from next year.**

## 12. SUMMARY

This Overview gives a summary of the Statement of Accounts, which is a snapshot of this Council's finances as at 31<sup>st</sup> March 2009, 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 31<sup>st</sup> March 2009 (reserves)
- How the money is invested at 31<sup>st</sup> March 2009 (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. DIRECTOR OF RESOURCES 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.

This year has been a particularly challenging one not only for this Council but for the country's economy generally, set against a background of global economic depression including the collapse of the Icelandic banks in October. As previously reported the Council has investments totalling £9m, which are currently frozen as a result of this event. All of these investments were, due to mature at the end of October 2008, just under a month after the crisis emerged.

A number of internal and external reviews including a Member Treasury Management Review Panel into these investments showed full compliance with all approved policies and procedures. Latest news reports from the bank's administrators are very positive, interim dividend payments are expected over the summer and the outlook for the return of our investments is optimistic.

The UK economy generally, entered into a profound recession during 2008/2009 and the Council took a raft of measures in its Finance Strategy to secure its future sustainability. This included a major organisational review resulting in a number of redundancies on the 31<sup>st</sup> March 2009, a freeze on all non essential expenditure and a range of cost cutting efficiency Cabinet Proposals going forward into 2009/2010 and beyond. A major factor in the strategy for future efficiencies was the approval of a £2.54m Information Communication and Technology (ICT) Strategy by Council on the 16<sup>th</sup> July 2008; this is being rolled out over the next 3 years and together with Single Site, will provide a strong platform for the future and unlock further efficiencies.

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 30<sup>th</sup> of September 2009.