

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2009/2010 – 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 30th of September 2010. 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 2009/2010 Statement of Accounts is the 30th June, 2010 in accordance with the Accounts and Audit Regulations.

This Council's timetable for approval is as follows:

- : Cabinet – 15th June, 2010 (Major Variations only); and then to
- : Audit Committee – 28th June, 2010
- : Audit Committee – 27th September, 2010 (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 2010.

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 2009.

The Accounts present a true and fair view of the financial position of Wyre Forest District Council for the year ended 31st March 2010. 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 31st March 2010 mainly comprise:-

(a) **The Income and Expenditure Account and The Statement of 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 2009/2010 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 MOVEMENT ON GENERAL FUND BALANCE**

2008/2009 Net Expenditure/ (Income) £000's	Service Area	2009/2010 Net Expenditure/ (Income) £000's
1,175	Central Services to the Public	888
10,464	Cultural, Environmental Regulatory & Planning Services	9,204
2,605	Highways, and Transport Services	2,697
1,762	Housing Services	1,554
5,170	Corporate and Democratic Core	2,816
21,176	Net Cost of Services	17,159
420	Parish Precepts	445
(1,557)	Investment and Right to Buy and other Capital Income	(537)
(3,267)	Other Accounting Adjustments*	(1,640)
16,772	Amount to be met by Government Grant/Council Tax	15,427
	Funded by:	
(6,916)	NNDR Re-distribution	(6,484)
(963)	Revenue Support Grant	(1,497)
(6968)	Council Tax	(7,198)
(571)	Area Based Grant	(381)
1,354	Movement in Revenue Fund Balance	<u>(133)</u>
(22)	Transfer from Earmarked Reserves	(310)
1,376	Decrease in General Fund Balance relating to operating Activities	177
* 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 Cabinet on the 15th June, 2010. This demonstrates a saving of £1,088,510 compared to the revised budget; this saving will be reconsidered in accordance with the Council's Finance Strategy, as part of the 2011/2014 Budget Process.

A further analysis of actual compared to the original budget used for 2009/2010 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	22
Nature Reserves	3
Other Land & Buildings	39
Vehicles	83
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

31/03/09 £000's	What the Council owns and is owed	31/03/10 £000's
40,909	What we own: Buildings, Land, Vehicles and Equipment	47,392
105	Stock	106
18,216	Cash Invested	13,179
2,495	Money owed to the Council	6,936
(7,249)	What we owe: Money owed by the Council	(7,661)
(40,644)	Pension Fund Liability	(49,170)
13,832	Total Value of what we own	10,782
37,864	Financing: Capital Financing Reserves	44,084
15,328	Capital Expenditure Reserve	11,887
1,730	Earmarked Reserves	1,426
2,870	General Reserves	2,991
(40,644)	Pensions Reserve	(49,170)
(3,316)	Financial Instruments Adjustment Account	(436)
13,832		10,782
Notes: General Reserves include a Collection Fund revenue balance of £15,000 in 2009/2010, £27,000 in 2008/2009. The Collection Fund is 'ring fenced' and is not available for General Fund purposes.		

10. WHAT ARE OUR RESERVES?

31/03/09 £000's	General Fund Reserves:	31/03/10 £000's
4,197	At beginning of the year	2,843
(1,354)	Movement in Revenue Fund Balance	133
2,843	Balance at the end of the year	2,976
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 contribute £50,530 in our budget for 2010/2011, to use £729,780 for 2011/2012 and £427,280 for 2012/2013.		
	Capital Expenditure Reserve and other Reserves and Capital Contributions set aside for the future:	
	The savings and money set aside for the future are :-	
15,328	Capital Expenditure Reserve	11,887
1,730	Earmarked Reserves	1,426
927	Capital Contributions Unapplied (Grants)	902
17,985	Total Reserves and Provisions	14,215

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 0.94%

Payment of what we owe:

Prompt Payment – we paid 98.24% of all invoices within 30 days

Collection of what is owed to us:

Council Tax - we collected 98.06%.

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 the National Indicator set (NI's) which were introduced in 1st April 2008 to measure our performance. As some NIs are not collected by financial year, some comparative information is not yet available, however to date:

- 29% improved
- 50% worsened
- 21% remained the same

In addition to the statutory set of National Indicators, the Council also collects a number of locally set performance indicators. Local indicators monitor services not included in the NI set and are set by each Directorate to measure and monitor the performance of their services.

- 47% improved
- 39% worsened
- 14% remained the 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 2010, 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 2010 (reserves)
- How the money is invested at 31st March 2010 (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 the first signs of recovery following the deepest recession for generations.

The Council has made significant progress in relation to the recovery of the Icelandic investments and as at 31st March 2010, around £2m of the £9m had been repaid to the Council. The Council has been successful in achieving Capitalisation Direction approvals for the potential losses (impairment) which will protect the Council's revenue account. As discussed within the Financial Strategy 2010/2013 the capitalisation direction will be funded from the Council's capital receipts.

A major positive item within the 2009/2010 accounts is the inclusion of a VAT refund from Her Majesty's Revenue and Customs of £750k, received in March 2010. This refund has come as a result of pro-active tax management from the accountancy section working in partnership with PriceWaterhouseCoopers and is the result of 2 years work.

It is clear that the future financial position for the Council will continue to be challenging with the new government coming to terms with the record budget deficit of £160bn. This period of austerity is likely to continue in the years ahead, with the indication within the Emergency Budget on 22nd June 2010, that the public sector can expect reductions in funding of 25 per cent over the next 4 years. It is pleasing however, that the Council can report a saving on the 2009/2010 budget to help reinforce the Council's reserves in meeting the challenges ahead.

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 2010.