



# Summary Financial Statements for the Year Ended 31 March 2006

For the first time we are making available a short summary of the key issues in our statutory financial statements. A copy is attached. The full statements provide a comprehensive picture of the Council's financial circumstances. There is a great deal of technical detail contained in the statutory reporting format.

We hope this summary highlights the most important figures for you, making how we manage the money entrusted to us more open and accessible, and making us more accountable.

## **Further Information**

You can find the full set of financial accounts, alongside other Council documents, at our website- [www.south-norfolk.gov.uk](http://www.south-norfolk.gov.uk).

As interested members of the public you have a statutory right for 20 working days to inspect the accounts before the audit is completed. For 2005/06, the inspection dates will be between 23<sup>rd</sup> August 2006 and 20<sup>th</sup> September 2006 inclusive. During that period, should you wish to inspect any documents which support the statement of accounts, please write to the Head of Financial Services at South Norfolk Council or e-mail [finance@s-norfolk.gov.uk](mailto:finance@s-norfolk.gov.uk). We will try to provide the information you seek as quickly as possible.

The appointed day for raising queries with the external auditor is 21st September 2006.

Further information is available from Financial Services at South Norfolk House or our web site [www.south-norfolk.gov.uk](http://www.south-norfolk.gov.uk).

## **Have Your Say.....**

We want to know what you think of this leaflet. Call us on 01508 533857, or e-mail [finance@s-norfolk.gov.uk](mailto:finance@s-norfolk.gov.uk).

## **Achievements**

### **What we did in 2005/06**

Our new website means customers can request, report, pay or apply for our services on line. This can be found at [www.south-norfolk.gov.uk](http://www.south-norfolk.gov.uk).

The new on-line planning service means you can find out how a planning application is progressing, comment on an application, see the planning history of your home or make your own application on line.

Customers can now choose to receive their Council Tax bill electronically. So far over 1,100 residents have taken up this opportunity.

We are the first council in the country to provide every household, where possible, with microchipped wheeled bins.

Our Best Value Review of Support Services has identified estimated savings of £913,000 over three years to help balance our budget and keep the council tax low.

We received our highest ever amount of money from the Housing Corporation-£7.2 million for 257 affordable homes.

We have delivered 71 new affordable homes in South Norfolk and we will work with developers over the next 3 years to secure over 500 more affordable homes.

The new Concessionary Fares initiative means free bus fares for pensioners on Norfolk's buses, in a scheme that is better than the Government requires. In the first three months, we received over 1,800 new applications to join.

South Norfolk Council buildings are now 100% accessible to people with a disability.

Paying council tax with payment cards is now free at post offices and payment points. Lots of people pay their council tax by direct debit, saving time for our customers and saving money for you.

We are recognised nationally as a Leading Council for our work with young people.

We have reduced sickness absence at the Council to the point where our performance now places us in the top 10% of councils.

We have successfully implemented the Licensing Act 2003 in over 150 premises.

We have just launched the Leisure, Culture & Countryside Strategy following consultation with parish and town councils, policy development panels and with the public via the website and through local 'drop-in' roadshows.

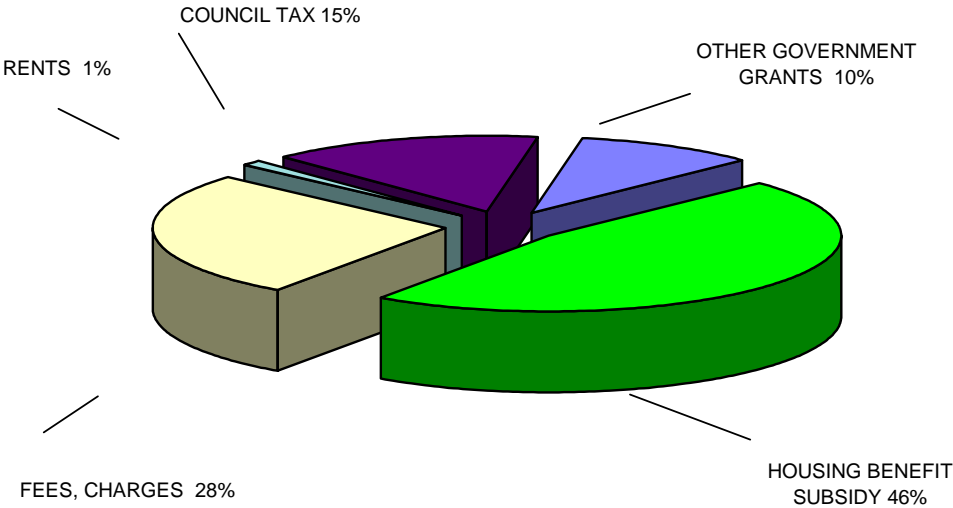
More than 900 children from South Norfolk attended Crucial Crew, a mass safety training programme.

More than 500 people attended our Food Safety Roadshows.

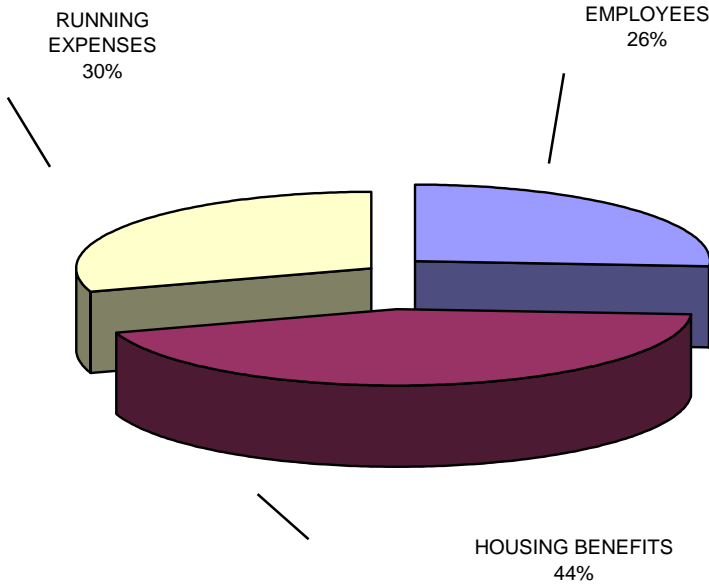
We have updated two sewage treatment works to treat waste water more effectively and improve the environment, with 16 households benefiting.

**Key Issues Reflected in the Accounts:**

**The Council received its income from a number of sources.**



The largest single item is government grants, which together with housing benefit subsidy, provide 56% of the total. The Council's income from the services it provides through rents, fees and charges and from interest on balances amounts to 28% while rents, mainly derived from industrial units, account for 1%. This leaves only 15% of the total income to be found by Council Tax payers. Business rates are collected by the Council but paid over to the government, so these are not shown in these graphs.



Running expenses such as maintaining buildings, operating vehicles and purchase of supplies and services take up 30% of total expenditure. Staff costs account for 26% of the total.

### **Budget Variations**

The Council approves a budget at the start of the year, which sets out the resources available to managers to deliver services in South Norfolk. During the year we monitor how well we are doing against this budget, and make adjustments as necessary. At the end of the year, we account for all expenditure and income during the year, and explain why some variations occurred.

The Council faced a number of cost pressures during 2005/06, mainly resulting from loss of income from Saffron Housing Trust following termination of Service Level Agreements. This loss of income was offset by a reduced level of expenditure on staff costs, alongside additional planning fee income and housing benefits subsidy from government.

Following the transfer of the Council's housing stock on 17th May 2004, arrears of rent and other debts amounting to £322,000 remain as at 31st March 2006 in respect of former tenants. Officers are still pursuing this debt but it is felt prudent to increase the provision to allow for possible non recovery of some balances.

A review of debt indicates that it would be prudent to increase the level of the bad debt provision by £114,000 more than had been allowed for in the original budget.

Together with Broadland District Council and Norwich City Council the authority has formed a partnership to deliver the building control function. The Partnership achieved a surplus of £143,000 in 2005/06.

The Council earned interest on its investments of £1.6 million in 2005/06. This contributes to funding part of the Council's services.

The General Fund balance has been held at £1 million for a number of years. For the year ending 31st March 2006 the General Fund balance has been increased by £100,000.

The net underspend across all aspects of the budget of £140,000 has enabled the use of the General Revenue Reserve to be reduced from the budgeted £331,000 to £191,000. This is a variation of 1% compared to the budget, and reflects the improvements in financial management across the Council.

### **Capital Programme**

The Council invests in its assets (new and existing) through the Capital Programme. The budget for 2005/06 was £9.1 million. This figure was revised during the year to take account of schemes which were moving between financial years. The net result was a revised capital programme of £6.9million. Expenditure for the year was £4.2 million.

The main schemes in 2005/06 were investing in adapting and improving people's homes through grants and new refuse vehicles and wheeled bins for every property in the district. The two largest capital projects- providing additional affordable housing in the district and upgrading Sewage Treatment

Plants so they can be adopted by Anglian Water- did make significant progress in 2005/06 and payments will be made in 2006/07.

The costs are financed by:

Capital Receipts (eg from Right to Buy sales)	£2.640 million
Revenue Budgets	£0.392 million
Government Grants	£1.168 million

### **Assets and Liabilities**

The Council's principle assets are cash investments (£27.3 million) and fixed assets (£23.3 million). The Council is debt-free and therefore avoids the costs of repaying debt plus interest.

### **Council Tax Collection**

We collect the council tax on behalf of Norfolk County Council, Norfolk Police Authority, Parish/Town Councils and South Norfolk Council. Although our collection of this is very effective, we did not collect as much council tax as we had planned due in the main to an increasing number of people claiming discounts and exemptions. This means that the Collection Fund (shown later) is in deficit.

### **Governance Arrangements**

Internal control and risk management are increasingly recognised as important elements of good corporate governance. The statement of internal control communicates governance issues to stakeholders with the aim of enhancing public confidence in the Council.

The summary accounts which follow are based on the full set of financial statements which have been prepared following proper practice outlined in the codes of practice for local authorities accounts.

## SUMMARY ACCOUNTS 2005/06

### THE REVENUE ACCOUNT

This statement shows the net cost for the year of the functions for which the Council is responsible and how this cost was met.

	Costs	Income	Net Expenditure
	£ Million	£ Million	£ Million
<b>Expenditure on Services</b>			
Leisure Centres, Swimming Pool, Amenity Areas, Refuse Collection, Street Cleaning, Environmental Protection, Sewerage and Sewage Disposal, Food Control, Development Control, Building Control, Economic Development, Environmental Improvement, Community Safety	12.7	(4.0)	8.7
Street Lighting, Car Parks, Concessionary Travel	0.7	(0.2)	0.5
Homelessness, Renovation Grants, Housing Advice, Maintenance of Waiting List, Housing Benefit Administration, Rent Allowances	19.1	(16.5)	2.6
Council Tax Benefits, Council Tax Cost of Collection, Elections, Land Charges	8.2	(6.4)	1.8
Corporate Management, Democratic Representation, Provision for Bad Debts	2.5	0	2.5
Non Distributed Costs	0.2	(0.1)	0.1
<b>Cost of Services</b>	43.4	(27.2)	16.2
Interest on Balances etc			(1.6)
Transfer to Capital Financing Account			(0.8)
Transfer from Asset Management Account			(1.2)
Deferred Charges			(1.0)
			11.6
<b>Financed by</b>			
Council Tax			(5.2)
Revenue Support Grant			(3.1)
Contribution from Non Domestic Rate Pool			(3.3)
			(11.6)

## SUMMARY BALANCE SHEET AS AT 31 MARCH 2006

	£million		£million
Capital Assets (shown below)	23.3	Capital Receipts	20.4
Cash Invested (shown below)	27.3	Reserves	5.0
Bank Overdraft	0.9	Collection Fund	(0.6)
Money Owed by SNC	(4.4)	Reserves (not supported by cash)	8.9
Money Owed to SNC	6.7		
Pensions and other liabilities	(18.3)		
<b>Total Assets less</b>			
<b>Total Liabilities</b>	<b>33.7</b>	<b>Total</b>	<b>33.7</b>

Explanations of the Capital Assets and the Cash Invested are shown below:

Summary of Capital Assets	31 March 2006 £million
Land and Buildings eg hostels, car parks, swimming pool, Council Offices and public conveniences	9.1
Refuse Vehicles, Wheeled Bins, Other Plant and Equipment	3.0
Industrial Estates and other Investment Properties	2.5
Land Awaiting Development	7.9
Other	0.8
<b>Capital Assets</b>	<b>23.3</b>

Name and Purpose of Reserves	31 March 2006 £million
<b>Unearmarked Reserves</b>	0.8
Evens out Council expenditure from year to year.	
<b>Earmarked Reserves</b>	2.2
Earmarked for potential liabilities	
<b>General Fund Balance</b>	1.1
Held for Contingency (eg a major incident)	
<b>Housing Revenue Account Balance</b>	0.9
To be transferred to Unearmarked Reserves when Account closed	
<b>Total Revenue Reserves and Balances</b>	<b>5.0</b>
<b>Capital Receipts Held</b>	20.4
Mainly resulting from sale of housing stock	
<b>Other Adjustments</b>	0.2
<b>Collection Fund Deficit</b>	(0.6)
<b>Net Cash Owed to SNC (Debtors less Creditors)</b>	<b>2.3</b>
<b>Cash Invested</b>	<b>27.3</b>

The Council formally reviews the adequacy of reserves annually. It also reviews the purpose for holding each reserve. The table above shows how the reserves and capital receipts the Council held as at 31 March 2006 is invested to earn interest.

## COLLECTION FUND

The Collection Fund is a separate statutory fund established to record transactions relating to business rates, council tax and residual community charge. It shows how much money is collected and then redistributed to Norfolk County Council, Norfolk Police Authority and South Norfolk Council.

	<b>2005/06</b>
	<b>£million</b>
<b>Income</b>	
Business Ratepayers	16.4
Council Tax Payers	48.7
Council Tax Benefits	5.2
	70.3
<b>Expenditure</b>	
Payments to Norfolk County Council and Norfolk Police Authority	54.5
Payment of Business Rates Collected to Government	16.1
Other	0.4
	71.0
<b>(Deficit) for Year</b>	<b>(0.7)</b>
<b>Collection Fund Balance</b>	
Balance at beginning of the Year	0.1
Surplus/Deficit (+/-)for Year	(0.7)
Balance at End of the Year	(0.6)

### APPROVAL OF STATEMENT OF ACCOUNTS

The statement of accounts were approved by the Accounts Committee (delegated by full Council to approve the accounts) at a meeting held on 22nd June 2006.

### AUDITORS' REPORT TO SOUTH NORFOLK COUNCIL

A final set of accounts will be produced with the auditor's opinion after the audit has been completed in late 2006.