

## **Summary of Accounts 2008-09**

### ***Introduction***

The Council's accounts are an important element in demonstrating the stewardship of public money. The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with the accounting requirements. The Statement Of Accounts for year ended 31<sup>st</sup> March 2009 was approved by Audit Committee on 30th June 2009.

Interested members of the public have a statutory right to inspect the accounts from 19<sup>th</sup> June 2009 to 16th July 2009. The availability of the accounts for inspection is advertised in the local newspapers, Mid Sussex Times, The Leader and East Grinstead Courier & Observer. It is our intention to be open with the information that we hold and we encourage local stakeholder enquiries.

A copy of the statement is available on the Council's website as part of the Audit Committee meeting documents. In addition, in order to assist further with the accounts, an explanatory paper is published in Members Information Service (MIS) MIS23 - 24th June 2009 which provides an interpretation of the accounts and highlights key issues for the benefit of Members.

<http://www.midsussex.gov.uk/page.cfm?pageID=8246>.

The Audit Commission will provide their opinion before the end of September on the completion of their audit of the accounts. We have prepared summary accounts to provide a brief overview of the year end position, as shown below.

### ***Council Priorities for 2008/09***

The Corporate Plan and Budget Report for 2008/09 was approved by Council on 27<sup>th</sup> February 2008. It sets out the way in which the delivery of services would contribute to the achievement of the Corporate Plan. Effective service delivery relies on effective prioritisation in accordance with the Corporate Plan, and adequate resources. The primary resources are staff and money. The service plans show how each service would be delivered and measured, and through the budget, the financial resources necessary to deliver the services and corporate objectives.

Key areas of work for the Council in 2008/09 were in three themes:

#### **Better Environment**

Quality and Sustainable Environment    ~~    Distinctive and sustainable towns and villages

#### **Better Lives**

Healthy Lifestyles    ~~    Opportunities and quality of life for all    ~~    Strong, safe communities

#### **Better Services**

Efficient and effective service    ~~    Strong community leadership

### ***Financial Review of the Year***

The revenue and capital outturn for 2008/09 was reported to Cabinet on 8<sup>th</sup> June 2009. The report explained that during 2008/09 Members had received seven Budget Management reports to assist in the management of the budget and to minimise the risk of a significant variation.

### ***Revenue Expenditure***

This was an exceptional year and its passing should not go unremarked in the accounts. The 'credit crunch' whereby the authority did well as a net lender on the money markets turned into a full-blown recession in the space of six months and it can be expected to last for some time to come. Whilst this started to affect income levels in 2008/09, the true impact of the recession will be felt in later years; whether through decreased levels of income, low or negative contract and supplier price inflation and increased demand for services that directly benefit those people most affected.

In the period covered by these accounts however, a significant change is in the value of our assets upon revaluation. These have seen an impairment (or reduction) in value of some £3.1m, of which £2.5m relates to our non-operational assets. This affects our net worth on paper, but otherwise has no effect for our community.

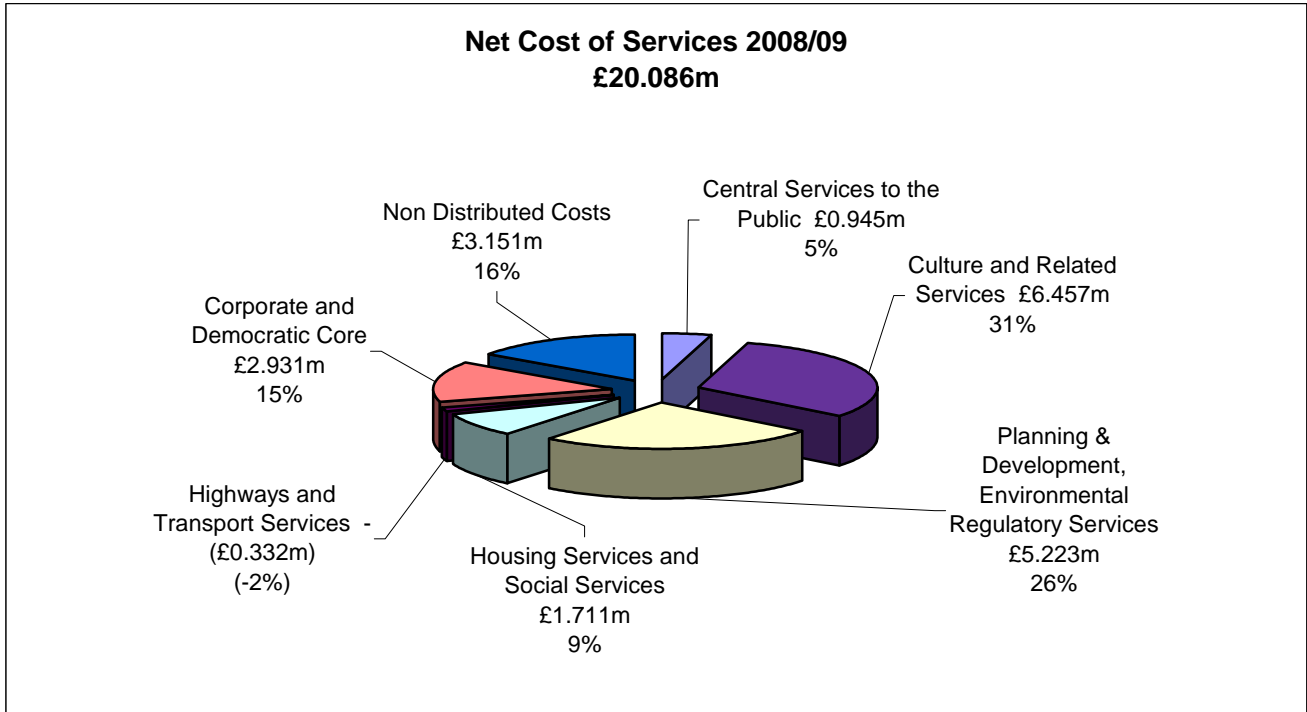
To be specific about issues that directly affect the Council's revenue position, the downturn had a sudden and profound impact on our income levels – but the resulting budget pressures reported throughout the year were well managed with mitigating action plans. Savings totalling £2,265,000 had been identified which demonstrated that Officers had proactively managed costs in a rapidly changing economy.

In summary, the revenue outturn for 2008/09 reported a total net underspend of £54,000. This is after the removal of both windfall income and transfers to Specific Reserve under delegated authority.

The budget for the year included £745,000 of efficiency savings, which was a challenging target, in spite of the detailed and rigorous planning which accompanied the proposals. On top of this, we budgeted to achieve separate procurement savings. Whilst these have not been labeled up as such, the major procurement project in the year was selecting a contractor to manage our Indoor Leisure business from 1<sup>st</sup> July 2009. This will generate significant savings for 2009/10 and subsequent years.

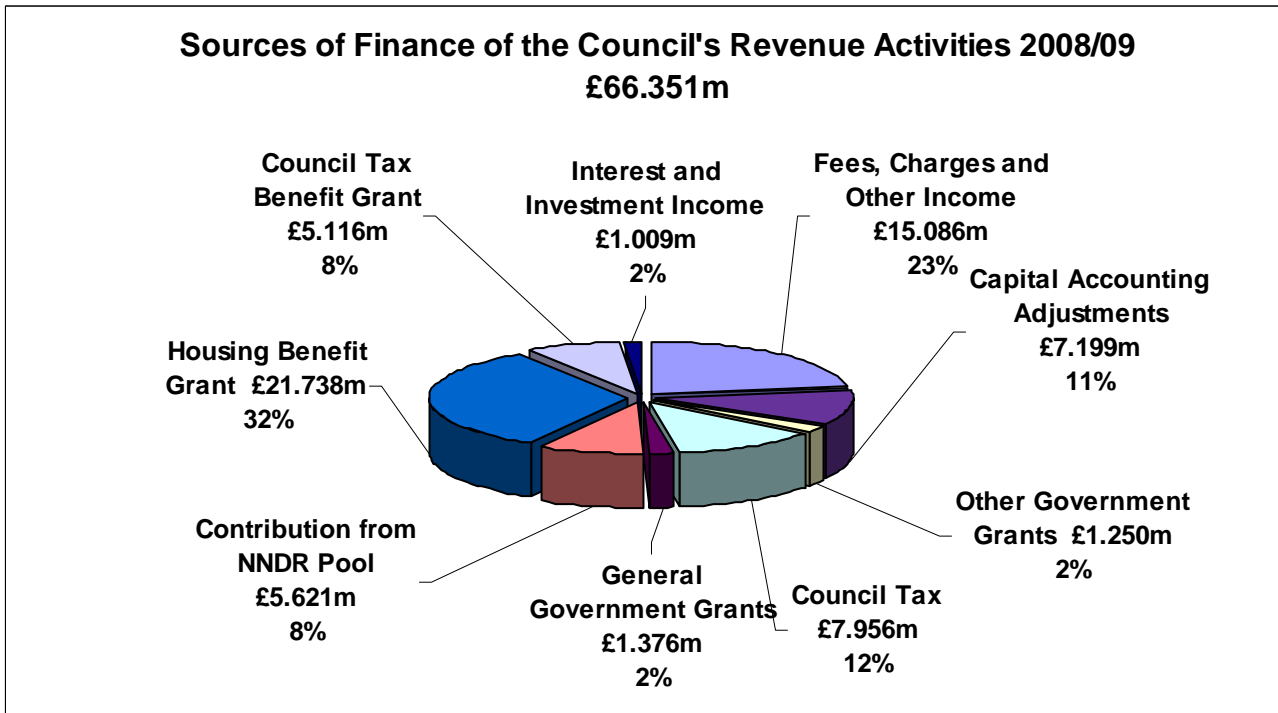
**Net Cost of Services – How the money was spent**

The chart below shows the net cost of Council services as a percentage of the total net cost of the services provided by the Council:



**Sources of Finance of the Council's Revenue Activities**

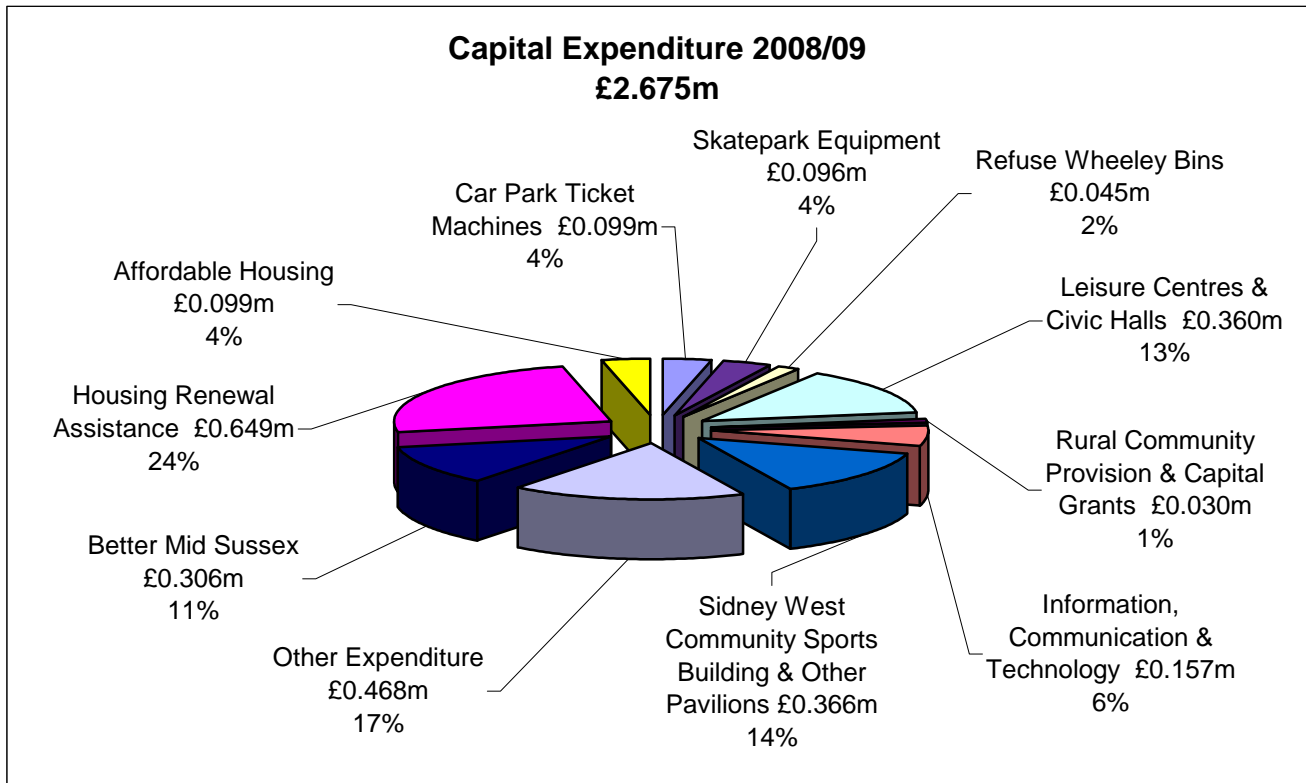
The following chart show how the Council met the cost of its services in 2008/09:



## Capital Expenditure

Local authorities are required to distinguish between revenue and capital expenditure. Revenue expenditure represents the day to day costs of running Council services. Capital expenditure represents money spent on the purchase, upgrading or improvement of assets which have a long-term value to the authority in the provision of its services.

A summary of the capital expenditure in the year 2008/09 totalling £2.675m is shown below:



## Balance Sheet

The Council's overall financial position for the year is represented by its balance sheet. This identifies what is owned by the Council, how much is owed and how much the Council owes.

### Balance Sheet as at 31st March 2009

	£ 000s	£ 000s
Software Licences - Intangible Assets		179
Buildings, Land & Assets owned by the Council		85,800
Stock		78
Money owed to the Council		8,728
Investments		8,000
Cash at Bank		1,353
<b>Gross Assets</b>		<b>104,138</b>
Money the Council owed	(6,016)	
Borrowing payable less 1 year	(90)	
Government Grants & Contributions Received	(6,090)	
Government Grants Deferred	(664)	
Provision	(362)	
Borrowing payable longer 1 year	(1,534)	
Pension Fund deficit	(22,470)	
		<u>(37,226)</u>
<b>Total Net Assets</b>		<b><u>66,912</u></b>
Financed by:		
Reserves and General Fund Balances		6,015
Pension Reserve		(22,470)
Capital Finance and Revaluation of Assets		83,367
<b>Total Net Worth</b>		<b><u>66,912</u></b>

Specific Reserves and General Fund Balances held at 31<sup>st</sup> March 2009 were

	<i>Balance at 1st April £ 000s</i>	<i>Balance at 31st March £ 000s</i>
<b>Specific Reserve</b>		
Member Support & Partnerships	3	3
Development Control	162	124
Planning Policy	182	249
Finance Corporate	102	87
Revenues and Benefits	238	238
Housing	12	1
Environmental Health	3	1
Community Services & Culture	0	193
Leisure Operations	25	154
Building & Asset Maintenance	0	0
Parking Services	12	0
Personnel & Payroll	0	6
Corporate Organisational Development	3	3
Better Mid Sussex	0	82
<b>Specific Reserve Total</b>	<u>742</u>	<u>1,141</u>
Unallocated General Reserve	2,073	2,282
Other Reserves	37	42
Commuted Sums	1,545	1,541
<b>General Fund Balances</b>	<u>3,655</u>	<u>3,865</u>

Details of all expenditure financed from the Specific Reserve and General Reserve is contained within the outturn report to Cabinet on 8<sup>th</sup> June 2009.

### Summary of Cash Flow during 2008/09

	<i>£000s</i>	<i>£000s</i>
<b>Cash in Bank 1st April 2008</b>		<b>897</b>
<i>Cash Inflows</i>		
Revenue Activities	164,056	
Interest Received	901	
Capital Activities	<u>1,039</u>	
		165,996
<i>Cash Outflows</i>		
Revenue Activities	(165,876)	
Interest Paid	(76)	
Capital Activities	<u>(1,307)</u>	
		(167,259)
<i>Financing</i>		
New Loan Raised For Capital Financing		0
Reduction of Investments		1,800
Repayment PWLB Loan		<u>(81)</u>
<b>Cash in Bank 31st March 2009</b>		<b>1,353</b>