

Summary Statement of Accounts 2011/12



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Introduction

Each year the Council produces a Statement of Accounts. Much of the information in the document is of a technical nature satisfying both statutory requirements and local authority procedures which makes it difficult to read and understand. The Council has produced these Summary Accounts to give you the highlights in a user-friendly format.

The Audit Commission has audited our accounts for the year 2011/12 and on 26 September 2012, the District Auditor certified that they are an accurate record of the Council's finances. In his **Annual Governance Report** the District Auditor wrote:

- The Council has a clear strategic framework in place to determine the allocation of its resources.
- The Council is moving forward with a strong base of usable reserves.
- In my [The District Auditor] opinion the financial statements give a true and fair view of the financial position of Test Valley Borough Council as at 31 March 2012 and of its expenditure and income for the year then ended.

All the figures in this summary are based on the Council's audited Statement of Accounts. If you would prefer to read the full statement, this is also available on our [website](#).

The Council monitors its budgets under two major headings; Capital and Revenue. Revenue spending relates to items consumed in the year and is mainly financed from Council Tax, government grants, rental income and fees & charges. Capital spending creates assets with a life of longer than one year and is financed from receipts from the sale of assets, government grants and other contributions.

All revenue expenditure for the year is shown on the 'How much did the Council spend in 2011/12' page. Capital expenditure is shown separately on the 'Capital Spending' page.

William Fullbrook CPFA
Head of Finance

How much did the Council spend in 2011/12?

The summary of the Council's day-to-day spending below shows the overall cost of each of the Council's services. These figures take into account both costs and income and where the money comes from.

Net Expenditure by Service	Expenditure	Income	Net Spend	Compared with
	2011/12	2011/12	2011/12	2010/11
	£'000	£'000	£'000	£'000
Community & Leisure	5,341	(1,421)	3,920	4,163
Environmental	6,737	(2,119)	4,618	4,731
Estates & Economic Development	4,423	(2,570)	1,853	1,512
Housing & Environmental Health	4,667	(1,920)	2,747	5,041
Planning & Building	2,965	(1,372)	1,593	1,539
Planning Policy & Transport	3,780	(3,387)	393	762
Revenues & Benefits	36,176	(35,446)	730	1,014
Support Services	9,161	(5,607)	3,554	3,850
Net Cost of Services	73,250	(53,842)	19,408	22,612
Investment Property Transactions *1	404	(5,935)	(5,531)	(5,675)
Interest and Borrowing	17	(772)	(755)	(671)
Depreciation and Capital Charges *2	0	(4,044)	(4,044)	(5,118)
Net Transfer to Reserves	3,212	0	3,212	2,049
Contribution to from General Balances	0	0	0	(144)
Non Ring-Fenced Grants	0	(628)	(628)	(7)
Net Budget Requirement			11,662	13,046
Financed by				
Central Government Grants		(5,681)	(5,681)	(7,110)
Test Valley Council Tax		(5,664)	(5,664)	(5,603)
Andover Special Expenses Levy *3		(317)	(317)	(333)
Financing of the Budget Requirement		(11,662)	(11,662)	(13,046)

The table on the previous page shows that the Council had net income & expenditure of £11.662M, of which the Council Taxpayer contributed 51%.

*1 Investment properties are properties held by the Council to generate income rather than for the delivery of services. These include Walworth and Portway Business Parks and a part share in The Chantry Centre.

*2 Changes to property values and certain other capital expenditure (e.g. grants) are charged to service accounts. These costs are not allowed to be included in the Council tax calculations and are cancelled out here.

*3 In most areas of the Borough there is a Parish or Town Council that undertakes functions such as management and maintenance of playgrounds, sports grounds, cemeteries and allotments. In the area covered by Andover Town Council these duties are split between the Borough and the Town Council. The costs incurred by the Council in this respect are charged as a Special Expenses Levy on the Council Tax bills of those properties within Andover Town Council's area.

How much was spent **running the Council in 2011/12?**

	2011/12	2010/11
Employee Costs	15,490	15,900
Premises Costs	2,686	2,429
Transport Costs	1,687	1,649
Supplies & Services	6,851	7,221
Contract Costs	890	904
Transfer Payments	32,751	32,356
Internal Recharges	8,851	10,678
Capital Financing	4,044	5,125
Total Expenditure	73,250	76,262
Fees, Charges and Grant Income	44,938	42,738
Recharge and Other Income	8,904	10,912
Total Income	53,842	53,650
Net Cost of Services	19,408	22,612

Notes

Expenditure and income for services are grouped together under standard headings used by local authorities.

Employee costs - Including all costs related to the employment of staff. In addition to salary costs and employer's pension contributions, they also include temporary staff and recruitment.

Premises costs - These account for the direct costs of providing and maintaining buildings, plant & land and include utility costs and insurance.

Transport costs - Covering all costs associated with the provision, maintenance, hire or use of vehicles.

Supplies and services - Operating costs not included in the above categories are covered under this heading, including general office expenses, equipment and the cost of materials.

Contract costs - Payments made to external providers in respect of contractual obligations.

Transfer payments - These are payments for which the Council does not receive goods or services in return, such as benefit payments.

Recharges - Charges made for work carried out by one service in support of another or the provision of centrally managed facilities such as office accommodation or reception services.

Capital financing - This includes charges relating to the use of the Council's assets, including depreciation and capital expenditure that doesn't generate new assets (such as capital grants).

Fees, charges and grant income - All income received by the Council including for example, planning applications, parking income or specific government grants.

Recharge income - Including all income that is recharged from one service to another. This is the main source of income for support services such as IT and Finance.

How much is **the Council worth?**

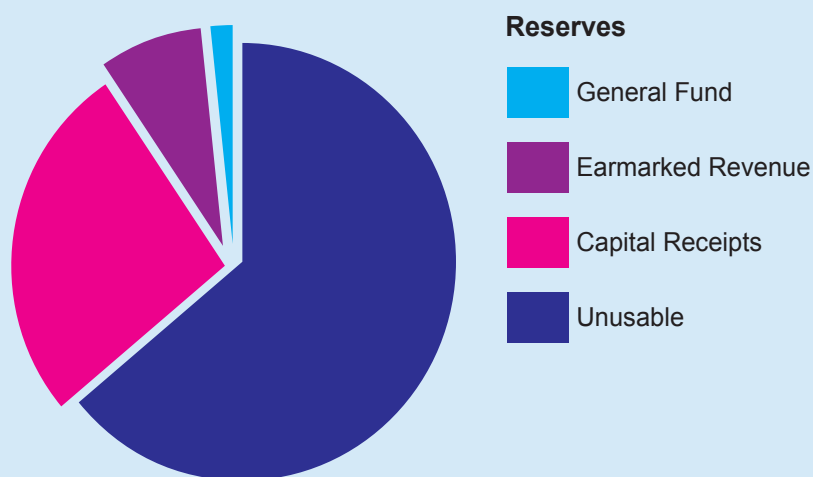
The table below summarises the assets and liabilities of the Council at 31 March 2012.

It also shows how the net assets are shared between the different reserves.

The Council's position is relatively healthy, with reserves at a satisfactory level.

Assets & Liabilities	2011/12	2010/11
	£'000	£'000
Fixed Assets	136,666	143,417
Investments / Long Term Debtors	18	5,021
Total Long Term Assets	136,684	148,438
Investment Deposits	52,373	45,518
Cash, Stock and Debtors	6,173	8,131
Total Current Assets	58,546	53,649
TOTAL ASSETS	195,230	202,087
Current Liabilities	9,494	9,055
Long Term Liabilities	51,254	39,561
TOTAL LIABILITIES	60,748	48,616
TOTAL ASSETS LESS LIABILITIES	134,482	153,471

Reserves	2011/12	2010/11
	£'000	£'000
General Fund Reserve	2,000	2,000
Earmarked Revenue Reserves	10,673	9,510
Capital Receipts Reserve	35,848	37,628
Unusable Reserves	85,961	104,333
Total Council Value	134,482	153,471



The **General Fund Reserve** is a balance held to enable the Council to manage the costs of any unforeseen future event. The balance is the amount recommended by the Head of Finance.

Earmarked Revenue Reserves are held for specific purposes for costs which will be incurred in future years. At the year end the most significant of these reserves were:

- £3.369M for future maintenance of adopted open spaces
- £1.225M budget equalisation reserve held to reduce the immediate impact of future events
- £1.178M for maintenance of the Council's land and buildings
- £982,000 for replacement of the Council's vehicle fleet

The **Capital Receipts Reserve** is the amount the Council has available to invest in future capital projects.

Unusable Reserves are prepared on a statutory basis and are not available to spend by the Council on any type of expenditure. The reserves mainly fall into two categories:

- Capital reserves reflect the purchase and change in value of assets whilst owned by the Council and
- The net liability to the pension fund that will reduce over time as the pension deficit is recovered

Capital spending

The Council's capital budget finances the purchase of land and equipment that will provide economic benefits over a number of years. Major refurbishment costs and some grants are also included here.

The Council finances its capital expenditure from a mixture of usable capital receipts, capital grants and contributions. In 2011/12 54% of capital funding came from usable capital receipts with the remainder coming from grants and contributions.

Capital spending in 2011/12 totalled £4.183M, and is summarised in the table below.

Expenditure in each of the above areas in 2011/12 was as follows:

	£'000
Costs of managing the Council's existing assets	685
Social Housing	180
Property Improvement Grants	939
IT projects	179
Property Purchases and Improvements to Property	1,546
Leisure Projects	364
Other Projects	290
Total Expenditure	4,183

The next three years are expected to produce very tight Local Government Finance Settlements and will require significant efficiency savings to be made. Coping with the Government's continuing drive to reduce public sector expenditure and radical changes to the way in which local government is financed will be extremely challenging and will require careful management of funding risks.

Our medium term financial strategy sets out how the Council will achieve a balanced budget over the medium term.

Achieving this outcome will enable the Council to retain a healthy level of reserves in the future. To do this the Council must be flexible in dealing with external factors, such as interest rates, which affect the budget. The Council must also continue to deliver value for money services to the citizens of Test Valley.

The demand for capital investment exceeds the level of resources and the Council will continue to look for innovative ways to promote investment in the Borough, possibly through partnerships and by attracting funding from external sources.

The Council aims to learn from experience and improve wherever possible, so comments and suggestions are always welcome.

If you would like to give feedback to the Council please see the contact details below.

For more information contact:

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This information is available in alternative formats and languages on request.