

MID DEVON DISTRICT COUNCIL

2012/13 ANNUAL ACCOUNTS FINANCIAL SUMMARY



The information in this leaflet is available in large print, Braille or audio cassette. It can also be found on our website address shown below.

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Introduction

The services provided by local councils affect people's quality of life. Mid Devon District Council has a duty to demonstrate transparently the stewardship of the public money that it spends. The annual accounts show what resources were available and how they were used to deliver services to the residents and businesses of the Mid Devon area. This annual summary is intended to provide an easily accessible guide to the information contained within the full Statement of Accounts and includes a brief explanation of important financial information about the Council.

Statement from the Head of Finance

The financial statements have been prepared in accordance with the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom 2012/13" based on International Financial Reporting Standards and other relevant accounting requirements. For the purposes of this summary some modifications were made to provide more meaningful information.

The summary financial statements have not been the subject of external review. However, the Council's 2012/13 accounts were audited by the Audit Commission and a clean bill of health issued by them. An audited version of the Council's accounts is available for examination on request, or you can view or download a copy from the Finance section of our website at www.middevon.gov.uk

Financial Review

Revenue Expenditure

During the year financial monitoring information was produced and reported to elected councillors on a regular basis. The resources generated and consumed in providing services and managing the Council during the year were £9,687k funded by government funding of £4,298 k, a collection fund surplus of £87k and £5,302 k funded by council tax (net of parish precepts) . Overall, after a transfer of £633k to earmarked reserves, (money set aside in prior years for future specific projects) there was a surplus of £168k for the year.

Council Housing

The Council commenced building 22 new dwellings at Wells Park Crediton and has plans to deliver 10 more at St Andrews Street in Tiverton and 6 at Fir Close Willand during 2013/14. The Council owned 3,070 dwellings available for rent at the end of the financial year after selling 8 properties during the year. Rent is charged and accounted for in the Housing Revenue Account (HRA). It is a legal requirement that all expenditure on these houses is funded from the HRA. The HRA balance at the start of the year was £1,956k; there was a surplus in the year of £12k resulting in a surplus at the end of the year amounting to £1,968k.

Capital Expenditure

During the year capital expenditure amounted to £7,811k. The main items of expenditure included £2,826k on council house maintenance and £2,227k on building works, £948k on various housing grants and £839k on plant and equipment.

The council used £310k of capital receipts to fund the capital programme with the balance of the expenditure funded from external grants and contributions from reserves and revenue. The capital receipts reserve increased from £418k at the start of the year to £757k at the end of the year.



What is Revenue Spending?

The day to day running costs of our services including employees, premises, transport and supplies of goods and services less any income generated from sales/fees/charges.

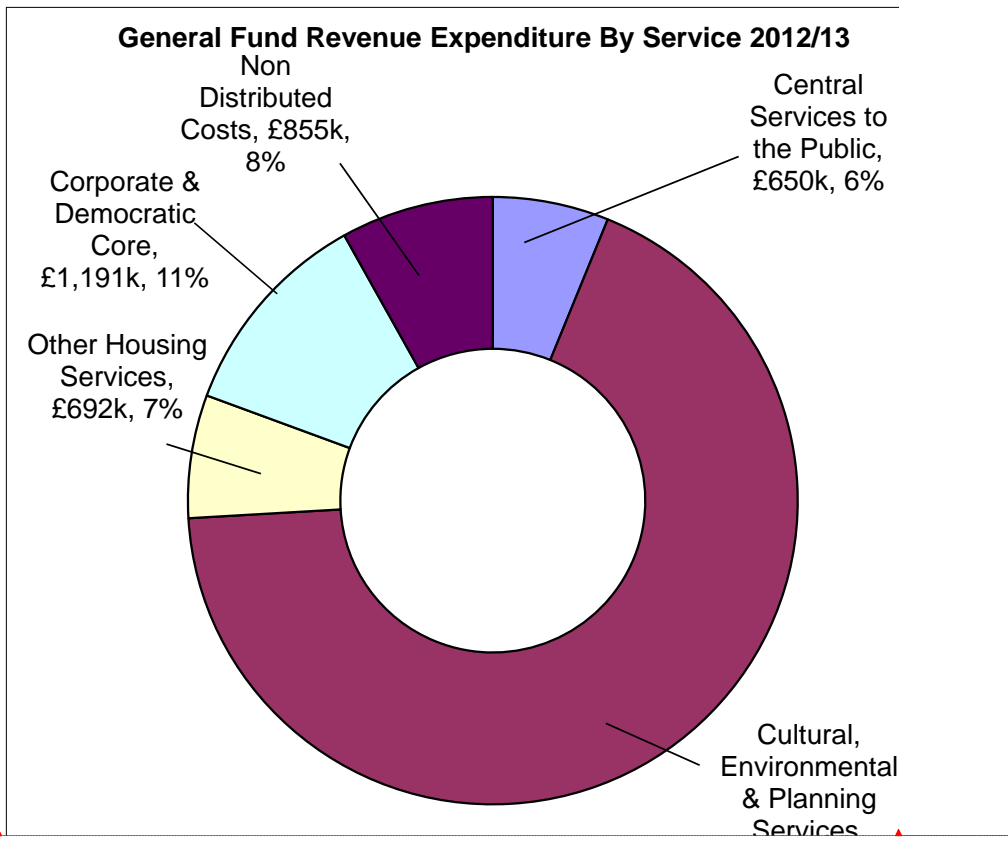
What we spent in 2012/13 - This shows the net running costs of each of our major services.

Revenue Service Running Costs	2011/12 Net Expenditure £000	2012/13 Net Expenditure £000
Central services to the public	645	650
Cultural, environmental & planning services	7,517	7,174
Highways, roads & transport services	(293)	(374)
Housing revenue account	47,754	(8,431)
Other housing services	907	692
Corporate & democratic core	1,265	1,191
Non distributed costs	561	855
Net cost of services	58,356	1,757
Interest payable	65	1,454
Interest receivable	(115)	(149)
Other operating expenditure	1,143	1,212
Parish council precepts	929	954
Council tax income	(6,192)	(6,256)
Non domestic rates redistribution	(3,685)	(4,216)
Non ring fenced government grants	(1,471)	(577)
Capital grants and contributions	(844)	(714)
Regulatory adjustments	(47,735)	7,000
Adjusted surplus on provision of services	451	465
Transfers to / (from) earmarked reserves	513	(633)
(Surplus) / Deficit for the year	964	(168)

Net incomes are represented by brackets in the above table.

The above expenditure is represented graphically on page 5.

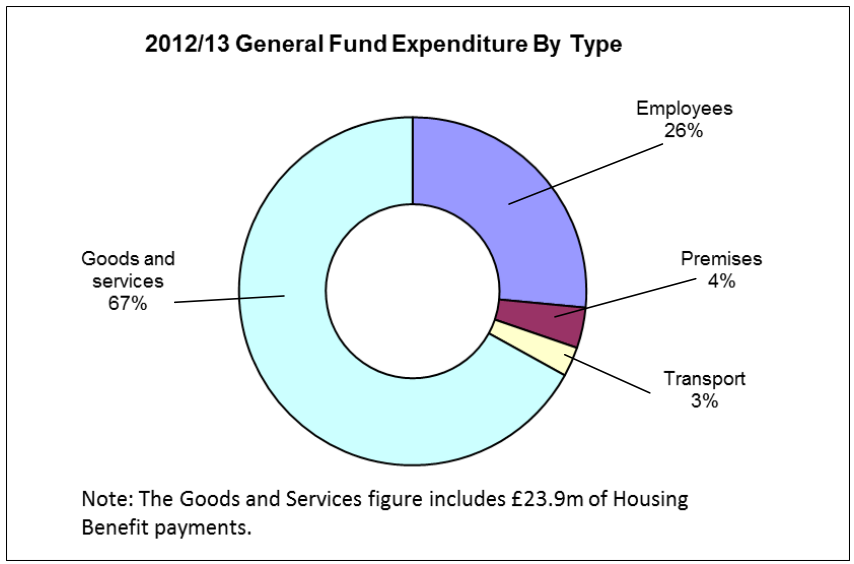
2010/11 Net Expenditure £000	Revenue Service Running Costs	2012/13		
		Expenditure £000	Income £000	Net Expenditure £000
	CENTRAL SERVICES TO THE PUBLIC			
380	Local Tax Collection	5,763	(5,360)	403
233	Elections	345	(137)	208
7	Emergency Planning	8		8
25	Local Land Charges	152	(121)	31
645		6,268	(5,618)	650
	CULTURAL, ENVIRONMENTAL & PLANNING SERVICES			
4	Culture & Heritage	5		5
1,335	Recreation & Sport	2,942	(2,132)	810
20	Tourism	3		3
884	Open Spaces	796	(121)	675
216	Cemetery, Cremation & Mortuary	283	(109)	174
75	Community Safety	131	(39)	92
799	Environmental Health	1,723	(480)	1,243
81	Flood Defence & Land Drainage	73	(9)	64
400	Street Cleansing	421		421
2,042	Waste Collection and recycling	3,485	(1,285)	2,200
328	Building Control and enforcement	549	(229)	320
386	Development Control	1,020	(791)	229
368	Planning Policy	374	(14)	360
16	Environmental Initiatives	10		10
9	Economic Development	375	(372)	3
554	Community Development	636	(71)	565
7,517		12,826	(5,652)	7,174
	HIGHWAYS, ROADS & TRANSPORT SERVICES			
(79)	Parking Services	414	(767)	(353)
(214)	Public Transport	15	(36)	(21)
(293)		429	(803)	(374)
	HOUSING SERVICES			
	Local Authority Housing (HRA)			
47,754	Housing Revenue Account	4,232	(12,663)	(8,431)
	Other Housing Services			
354	- Private Sector Housing Renewal			
115	- Housing Enabling	3		3
80	- General Fund Housing Management	109		109
237	- Homelessness/Housing Advice	601	(150)	451
(116)	- Housing Benefits Payments	18,780	(18,847)	(67)
237	- Housing Benefit Administration	768	(572)	196
907		20,261	(19,569)	692
	CORPORATE & DEMOCRATIC CORE			
728	Democratic Representation & Management	714		714
537	Corporate Management	478	(1)	477
1,265		1,192	(1)	1,191
	NON DISTRIBUTED COSTS			
561	Unapportionable Central Overheads	1,007	(152)	855
561		1,007	(152)	855
58,356	NET COST OF SERVICES	46,215	(44,458)	1,757



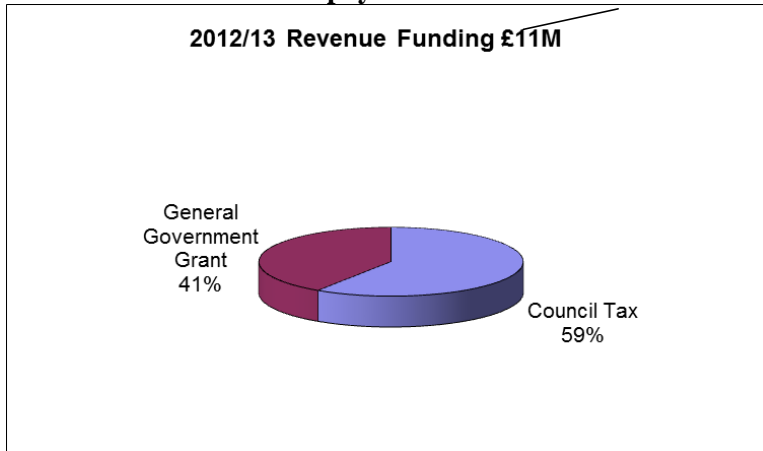
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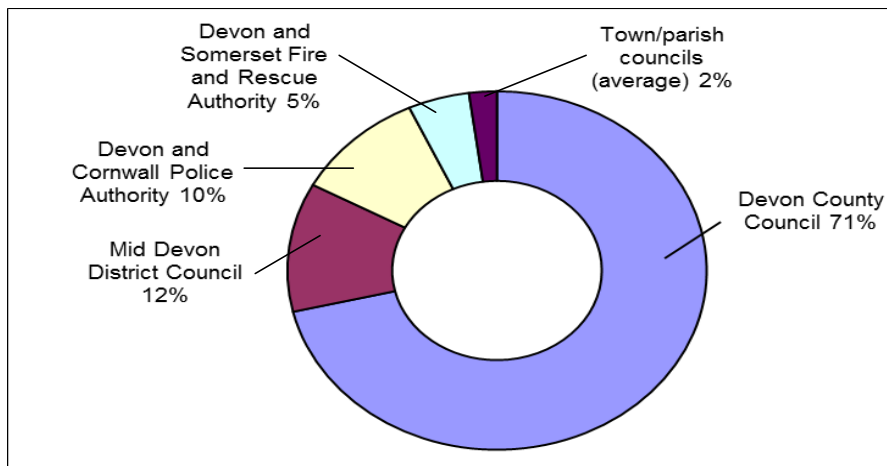
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How did we pay for these services?



How much of the total council tax bill went to Mid Devon District Council?



Here is the average breakdown of the 2012/13 Council tax bill for a band D property - only approximately 12p of each £1 levied for a band D property went to Mid Devon District Council.

	2011/12	2012/13
	£	£
Devon County Council	1,116.36	1,116.36
Devon and Cornwall Police Authority	156.60	159.73
Devon and Somerset Fire Authority	71.77	73.92
Parishes (average)	<u>32.85</u>	<u>33.60</u>
	1,376.40	1,383.61
Mid Devon District Council	<u>182.15</u>	<u>182.15</u>
Total	<u>1,559.73</u>	<u>1,565.76</u>

What impact do Council Tax increases have on the Council?

Every 1% increase in Mid Devon District Council's council tax leads to it receiving approximately an extra £48k.

Why do we have to increase the Council tax?

Each year the Council's costs increase with approximately only 41% of our funding provided by grants from central government. If the increase in costs is not met in full by the increase in the government grants then the difference has to be absorbed by the Council tax payer or by using reserves if they are available. Please also see the later section on financial challenges facing the Council which explains further some of the cost pressures facing us.



Did we have any money left over?

	2011/12 £000	2012/13 £000
General reserve (for day to day expenses) brought forward	3,419	2,455
Add/Deduct: Surplus/ (Deficit) for the year	<u>(964)</u>	<u>168</u>
General fund reserve carried forward	<u>2,455</u>	<u>2,623</u>



What are we worth?

Balance Sheet

At the end of each year we prepare a balance sheet which shows what the Council owns and owes. At 31 March 2013 this comprised:

	£000
Land, buildings and assets owned by the Council (see below)	152,635
Stocks	152
Bank deposits (including investments)	9,187
Debtors - Money owed to the Council	2,721
Creditors - Money owed by the Council (includes HRA debt see comments)	(49,839)
Pension fund deficit on page 8)	<u>(41,324)</u>
	<u>73,532</u>

Financed by:

Spendable monies

General Fund reserve surplus carried forward	2,623
Housing Revenue Account surplus carried forward	1,968
Major Repairs reserve surplus carried forward	47
Earmarked reserves	6,157
Capital receipts reserve	757
Other reserves not cash backed (statutorily prescribed)	<u>61,980</u>
	<u>73,532</u>

Land, buildings and assets owned by the Council at 31 March 2013 comprised:

	£000
Assets under construction	2,715
Council dwellings	112,475
Other land and buildings	33,866
Vehicles, plant and equipment	1,995
Community assets	467
Infrastructure assets	192
Heritage assets	925

152,635

Pension Deficit

The Council participates in the Local Government Pension Scheme (LGPS) administered by Devon County Council - this is a defined benefit final salary scheme and is fully funded, meaning that the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with the investment assets.

The Council has an attributed pension liability at 31 March 2013 of £41.3 million. However this overall liability is being met by increased contributions to the pension fund each year by employees and the employer, and revisions to scheme benefits, whose aim is to close this funding gap over the longer term. (Stock market fluctuations have a profound effect on this liability figure).



Housing Revenue Account

Legislation requires that a separate account be kept in respect of the Council houses and rented accommodation and for all of the activities associated with their running.

	2011/12	2012/13
Income	£000	£000
Council house rents	(10,717)	(11,439)
Net investment income	(22)	(28)
Other income e.g. Garage, shop rents and service charges	<u>(1,182)</u>	<u>(1,224)</u>
	<u>(11,921)</u>	<u>(12,691)</u>
Expenditure		
Repairs and maintenance	2,532	2,440
Supervision and management	2,354	2,363
HRA share of other central overheads	305	319
Capital expenditure funded by the HRA	-	70
Other charges and adjustments	<u>6,087</u>	<u>7,487</u>
	<u>11,278</u>	<u>12,679</u>
HRA Deficit / (Surplus) for the Year	<u>£ (643)</u>	<u>£ (12)</u>

The surplus for the year is carried forward in the Housing Revenue account reserves and can only be used for council houses and rented accommodation, not the General Fund services paid for by Council tax payers. After adding this year's surplus to the surplus brought forward we have £1.968 million which will be used to support the Council's landlord activities in future years.

HRA Property

There were eight "right to buy" properties sold during 2012/13 and the Housing Revenue account owned the following property at 31 March 2013:

	Council Housing	Other Land & Buildings	Total
Stock at 1 April 2012	3,078	1,195	4,273
Additions		3	3
Sales	(8)	(1)	(9)
Stock at 31 March 2013	3,070	1,197	4,267



Capital Expenditure

What is capital spending?

This is money spent by the Council on purchasing, upgrading and improving assets such as buildings and major equipment needed such as refuse vehicles and is accounted for separately from the day-to-day revenue expenditure.

What did we spend in 2012/13?

		£000
Community Wellbeing	Lords Meadow Leisure Enhancement	419
	Car park resurfacing	32
	Total	451
Decent and Affordable Homes	Council House Maintenance & Building Works	2,826
	Disabled Facilities Grants	674
	Upgrade of Warden Scheme Alarm Equipment	64
	Acquisition of land at Palmerston Park	70
	House Loans Scheme	225
	Other Housing grants	79
	Total	3,938
Delivering a Well Managed Council	Software licences	63
	IT Equipment	53
	Miscellaneous building works	33
	Total	149
Managing the Environment	Street sweeper	107
	Refuse Vehicles	616
	Total	723
Assets under Construction	(This mostly relates to the Council House building programme comprising £2.2M) Total	2,550
GRAND TOTAL		7,811

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Where did the money come from?

	£000
Capital receipts from sales of land and buildings	310
Grants	3,062
Finance lease liabilities	54
Revenue contributions from HRA/ General Funds	<u>4,385</u>
	<u>7,811</u>

This is shown in the full accounts as:

Asset additions - Council's assets in our balance sheet	7,088
Community projects for others	<u>723</u>
	<u>7,811</u>



Financial Challenges Facing the Council

Inflation

The Council is exposed to inflation in the same manner as Council tax payers, although through our procurement practices we seek to minimise our costs.

Public Sector Finances

The new austerity measures introduced by the government have already led to a loss of £2.0m in core government funding (31.8%) since 2010/11, with further reductions likely in future years. Future increases in taxation such as national insurance and insurance premium tax could also lead to increased costs for the Council.

External Funding Sources

The Council receives money from a number of different sources, including government agencies and organisations such as the Lottery. With the economy in recession many organisations have reduced income flows. We are therefore unlikely to receive funding at the levels experienced in the past, which will necessarily restrict our ability to maintain and fund certain projects.

Efficiency Savings

Our procurement processes are designed to reduce costs, and computers and software are employed to reduce the time taken to process transactions, it becomes progressively harder to achieve savings year after year without affecting the services we provide.

Budgetary Cost Pressures

Each of our services is affected by external factors which are beyond our control. For example as our population grows, with new housing developments, we may reach a stage where we might incur stepped cost changes e.g. another refuse vehicle. In producing balanced budgets each year we need to bring in all of these factors. Some areas such as utilities are dependent upon oil prices, whose price increases may be significantly above inflation.

Capital Programme

Historically much of the capital programme has been funded by “right to buy” sales of council dwellings and other land and asset sales. Sales have fallen dramatically in more recent years with only eight during 2012/13. Inevitably, this has led, and will continue to lead, to pressure on the capital programme; reducing the amount of money we have available to spend.



External Auditors

Due to a recent tendering of the national audit contract we now have Grant Thornton as the Council's appointed auditors. External auditors are appointed to audit the Council's affairs each year. They provide a range of services to the Council including auditing the financial statements and certification of various grants.

	2011/12	2012/13
Fees for audit services	£ 96,000	£ 63,000
Fees for certification of grant claims and returns	£ 25,000	£ 13,000
	£ 121,000	£ 76,000

Financial Management

The Council's external auditors are required to give an opinion on the financial statements. Ideally this opinion should be "unqualified" or "clean". Where the opinion is qualified, each qualification identifies an area where the financial statements are unreliable. The Council's accounts have been unqualified for every financial year since 2007/08.



Your Views

The full financial statements produced each year must comply with legislative and accounting presentation requirements and necessarily contain a large volume of information. This summary of financial information is meant to be a more user friendly summary version for residents and stakeholders designed to focus on the key financial highlights for the year.

We are interested in your views as to how effective this publication is and your suggestions as to how the information contained within can be improved.

This "2012/13 ANNUAL ACCOUNTS AND FINANCIAL SUMMARY" has been published by Mid Devon District Council Financial Services, December 2013
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