

BABERGH DISTRICT COUNCIL

FROM: Director of Finance

REPORT NUMBER: **J43**

TO: OVERVIEW & SCRUTINY
(STEWARDSHIP) COMMITTEE

DATE OF MEETING: 23 June 2009

SUMMARISED BUDGET AND ACCOUNTS

1 PURPOSE OF REPORT

- 1.1 Following requests by Members, to provide an outline of how the Council's annual budget and accounts could be summarised in a more simplified and helpful way to improve understanding by Members, the public and other stakeholders.

2 RECOMMENDATIONS

- 2.1 That, subject to the Committee's views, the proposed summary showing where the Council spends its money attached as Appendix 1, be approved and this format be used for publishing information in relation to both the Annual Accounts and future presentations of the Budget.
- 2.2 That alternative views be developed by officers, including spending on the Council's Strategic Plan priorities and outcomes, to further supplement this.

The Committee is able to resolve these matters.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications of adopting the proposals in the report.

4 RISK MANAGEMENT

- 4.1 The risks associated with this report link to the Council's Significant Business Risk No. 7 – Financial, Performance & Risk management. The key risks are:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Members, the public and others do not understand where the Council spends its money	Significant	Marginal	Summary financial information is already produced and included in the Council's Annual Report. The proposals will provide a further view of the Council's activities.

5 KEY INFORMATION

- 5.1 It is important that clear and understandable financial information on the Council's Budget and Annual Accounts is available for Members, the public and other stakeholders. This will help to demonstrate where the Council spends its money, aid scrutiny and support decision-making.
- 5.2 There are, of course, many different ways of showing the information. What is clear is that the current approach to Budget presentation and the very detailed format of the statutory accounts does not aid understanding.
- 5.3 Also, the Annual Report, due to limited space and the need to convey a range of other information, can only provide very high-level information. Although this is supplemented by a more detailed publication setting out summary financial information on what is spent and where the money comes from, this is also not totally appropriate for the specific needs of Members and it only covers actual income and expenditure, not the Budget.
- 5.4 This report provides a suggestion on a way of presenting further summarised financial information that is slightly more detailed and, hopefully, more informative than the current summary information that is published. If this is accepted in principle, officers can develop it further.
- 5.5 It may well be the case that Members would like to see other ways of presenting the information and, again, these could be explored and developed further by officers.
- 5.6 Specifically, officers are starting work on allocating all expenditure (revenue, capital and HRA) to each of the Council's 5 strategic priorities and then to the 28 outcomes set out in the Strategic Plan. The cost of front line and core support/other services will also be clearly identified. This will be used to support and aid decision-making in relation to understanding costs and achieving savings and efficiencies as part of the Strategic Financial Planning process.
- 5.7 It is envisaged that this, along with the suggested format for publishing the current information that is held, will lead to the desired outcomes.
- 5.8 The suggested format for summarising and publishing the information that is currently held is shown in Appendix 1. It has been populated with information from the revised budget. Should Members be happy with this format, the revised budget will be replaced with actual expenditure and income for the year. Similarly, the same format can be used for future Budget information.
- 5.9 As indicated earlier, it is appreciated that a whole range of alternative views can be produced. Other options are set out below and Members views on these are sought:

- Subjective view – this would set out how much is spent on staffing, major contracts, premises, supplies and services, housing benefit payments and other costs
- Grants and Income – providing more clarity on what is funded internally and externally (both capital and revenue). This would supplement other core summary information

5.10 Ultimately, the focus has to be on what will aid decision-making and understanding of the Council's costs and spending plans. This is now a key feature of the Audit Commission's Use of Resources assessment. Of course, the right balance has to be struck on producing what is useful and ensuring that valuable officer time is not overly absorbed on this as opposed to other priorities.

6 APPENDICES

1 – Suggested format for improved presentation of financial information.

7 BACKGROUND PAPERS REFERRED TO

None.

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APPENDIX 1

Simple Version of Where We Spend The Money for Members, Staff and the Public (2008/09 Revised Budgets)

1. On services generally excluding Council Housing, which is paid for separately, the council spent the following. This was funded by Government General grant, Council Tax and Council reserves: -

	What we Spent	What income we received	The net cost
	£000's	£000's	£000's
Housing & Council Tax Benefits	19,539	(19,126)	413
Waste Collection & Recycling	2,538	(1,360)	1,178
Planning & Building Control	2,545	(921)	1,624
Collecting Council Tax & Business Rates	768	(235)	533
Concessionary Fares	912	(235)	677
Environmental Health	753	(86)	667
Private Sector Housing	795	0	795
Conservation & Countryside Management	195	(11)	184
Sport & Leisure	1,293	(30)	1,263
Community Safety	337	(72)	265
The Arts, Tourism & Economic Development	518	(71)	447
Community Grants	583	0	583
Housing Strategy & Homelessness	364	(159)	205
Parks, open space & Amenity Areas	843	(71)	772
Street Cleansing	661	(24)	637
Car Parking	230	(75)	155
Public Conveniences	202	(8)	194
Licensing	382	(149)	233
Other Services to the Public	412	(235)	177
Corporate & Democratic Management (Incl. Elections)	2,239	(264)	1,975
Salaries & Other unallocated savings	0	(79)	(79)
Net Cost of Services	36,109	(23,211)	12,898
Capital and pension cost adjustments		(1,453)	(1,453)
Financing Capital Expenditure	250		250
Investment Income		(565)	(565)
Use of Reserves		(820)	(820)
General Government Grant & Business Rates		(6,005)	(6,005)
Council Tax		(4,305)	(4,304)
Total	36,359	(36,359)	-

The income we received included specific government grants towards certain services, the biggest one being Housing and Council Tax benefits. Other income is mainly fees and charges.

2. On Council Housing, the table below shows how much was spent and how this was paid for:-

	£000's	£000's
Spending:		
Repairs & Maintenance		2,127
General Management		1,854
Amenity Areas / Other Services		248
Sheltered & Homeless Units	1,349	
Less: Supporting People Grant	(375)	
Other Income	(483)	491
		<hr/>
		4,820
HRA Subsidy paid to the Government		4,577
Depreciation		2,475
Capital Financing & Other Costs		1,167
		<hr/>
		12,939
Less Income:		
Rents		(12,417)
Other Income		(189)
Use of Reserves		(333)

3. On Capital investment, the table below shows how much we spent and how this was paid for. This is split between Council Housing and other services:-

	£000's
Spending:	
Council Housing:	
Planned Maintenance / Improvements	2,967
Other Programmes	893
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	3,860
Other Services:	
Affordable Housing - Grants	517
Private Sector Renewal Grants	204
Planned Maintenance - Other Assets	403
New or improved Community Facilities	687
Community Safety	18
Major ICT Projects	729
Other ICT Projects	303
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	6,721

Paid for by:

Council Housing:

Govt. Major Repairs Allowance	2,808
Other Grants & Contributions	27
Borrowing	550
Revenue Resources	475
	<u>3860</u>

Other Services:

Earmarked Reserves	250
Borrowing	1737
Capital Receipts	320
External Grants & Contributions	554
	<u>6,721</u>

NB: Further information can be added to explain any of the above further or to provide additional information.