

Isle of Wight Council Summary of accounts

Year ended 31 March 2007

This special summary of accounts tells you where the council spent its money in 2006/2007, on services ranging from education to highways and transport.

We are keen to have your feedback, so please fill in and return the questionnaire on page 16.

A full copy of the council's 2006/2007 audited accounts is available online at www.iwight.com. A paper copy can be made available upon request.

"It is important the council is fully open and accountable when it is spending your money. Your views are vital in determining the best way forward to share key financial information with you, so please take the time to fill in the questionnaire and provide us with your comments to allow us to develop future reports."

Councillor Barry Abraham, cabinet member for residents and resources

What we spent

The table below shows the net cost of running council services between April 2006 and March 2007 and where the money came from to finance those costs.

Net expenditure	2006/2007 (£'000)	2005/2006 (£'000)
Education services	11,805	*76,928
Social services	47,923	42,169
Cultural and planning	23,193	23,576
Highways and transport	9,703	7,068
Fire services	7,010	6,756
Housing services	3,557	4,803
Corporate services	6,634	8,428
Court services	413	393
	110,238	170,121
Increase/(reduction) in balances	3,422	(126)
Less: other operating costs and income	(132)	(586)
	113,528	169,409

Where the money came from

Local council tax payers	62,759	59,625
General government grants	10,424	*62,689
Business rates	40,461	46,979
	113,644	169,293
Net revenue (surplus)/deficit	(116)	116

* For 2006/2007 the arrangements for government support for the funding of schools changed. Previously funds were provided as part of the council's overall Revenue Support Grant. In 2006/2007 the council received a specific grant known as the Dedicated Schools Grant. A sum of £67.8 million has therefore been credited against education services that would previously have been included as part of the general government grants. The difference between 2006/2007 figures and comparative figures for 2005/2006 for these two lines is substantially explained by this change.

Capital expenditure and financing

Capital expenditure generally represents money invested by the council on buying, upgrading and improving assets such as roads and buildings. The council and its stakeholders expect to receive a benefit from capital expenditure over a long period of time. During 2006/2007 we spent £21.504 million on providing new assets and improving existing assets. The expenditure was financed from a combination of borrowing, grants, receipts from the sale of assets and finance leases.

	2006/2007 (£'000)	2005/2006 (£'000)
Education services	10,633	10,288
Highways and transport	5,420	7,574
Social services	303	253
Fire services	504	240
Housing services	1,275	2,667
Coast protection	826	1,375
Other services	2,543	3,321
	21,504	25,718

This was financed by

Increase in borrowing	12,385	18,156
Capital grants and contributions	6,853	7,149
Income from sale of land and buildings	1,921	413
Finance leases	345	0
	21,504	25,718

In a typical year, we:

- support more than 900 people by providing home care services;
- collect 99 per cent of council tax and 99.2 per cent of business rates, both of which are in the top quarter nationally;
- support 750 children through our specialist education teams;
- have 20,500 13 to 19 year olds attending youth and community service meetings and events;
- welcome 840,000 visitors to our libraries and 965,000 visitors to our leisure facilities;
- carry out 3,380,000 domestic waste collections (65,000 per week);
- clean 894 kilometres of public highway;
- maintain 826 kilometres of public rights of way;
- issue more than 1,500 licences, 100 per cent within the target response time;
- encourage 207,000 cyclists to use our cycle paths.

During 2006/2007, we:

- brought 56 empty properties back into use;
- encouraged 6,000 Island children and young people to visit the Big Day Out to find out about our local services;
- achieved 100 per cent child protection reviews within the agreed timeframe;
- enabled 2.25 million free fare journeys on local public transport by people aged over 60 or with a disability;
- enabled one million journeys to be made by young people on local public transport at 50p per journey, via the Student Rider scheme;
- encouraged 44 per cent of Island schools to have approved travel plans, as part of which Greenmount Primary at Ryde has the highest level of walking to school, at 76 per cent;
- continued our programme of home safety fire checks, which has seen a further significant drop in accidental dwelling fires – 44 per cent reduction since 2000;
- launched the *Scores on the Doors* food hygiene award scheme allowing residents and visitors to assess the hygiene of restaurants, pubs and other food outlets;
- achieved the award of a national charter mark for customer service excellence, the environmental health and office services teams;
- delivered a health and safety target within the Local Area Agreement which resulted in national recognition from the Health and Safety Executive, identifying the Isle of Wight as a best practice model for other local authorities.

Balance sheet - what the council owns and what is owed

The balance sheet shows the end of year financial position for the council as a whole. It provides details of the financial value of land, buildings, roads and other assets owned by the council, and the value of borrowings and other amounts owed.

	2006/2007 (£'000)	2005/2006 (£'000)
Capital assets	329,912	303,753
Stocks	591	612
Cash in bank and investments	31,888	34,183
Money owed to the council	19,569	14,362
Money owed by the council	(40,961)	(37,137)
Long-term borrowing	(131,866)	(131,307)
Pensions and other liabilities	(149,585)	(159,843)
Total assets less total liabilities	59,548	24,623

This was financed by

Earmarked reserves	34,660	31,238
Capital and accounting reserves	22,833	(8,553)
General fund balance	2,055	1,938
Total reserves and balances	59,548	24,623

Capital assets include land and buildings, highways' infrastructure, vehicles, plant and equipment and community assets. The largest part of the balance sheet value is in land and buildings, of which schools represent the highest amount.

Earmarked reserves represent funds held by the council for specific purposes. They include unspent allocations of budget held by schools, as well as money for insurance and risk management and to support future capital investment. Such reserves are held to meet future liabilities or spending commitments, as well as promoting good financial management by allowing a degree of flexibility between years. Planned use of these reserves over the next four years will make a significant contribution to delivery of the council's One Island improvement agenda.

Capital and accounting reserves consist of: the fixed asset restatement account reflecting the unrealised increase in the value of assets; the capital financing account representing capital expenditure already financed from cash sources (with the balance of assets financed from long term borrowing); and the pensions reserve which represents the total pension liabilities offset by investment assets held within the Isle of Wight Pension Fund. The change in value in year has arisen as a result of increased values of assets and an actuarial valuation of the pension fund, reducing the amount of the liability.

General balances are required to provide adequate funds year on year to meet any unforeseen calls on the council's available resources. The council has estimated that the minimum amount necessary to meet such financial risks is £2 million, and the general fund balance has consistently been held at that level for a number of years. The balance is relatively low as a percentage of net operating expenditure when compared with other similar councils, so financial risks need to be predicted and managed effectively in order to avoid any significant calls on the general fund balance.



Cash flow summary

This summarises the total cash inflows and outflows of cash arising from transactions with third parties, and includes both revenue and capital transactions.

	2006/2007 (£'000)	2005/2006 (£'000)
Net borrowing on 1 April	(112,517)	(100,227)
Cash in	337,217	290,903
Cash out	(340,926)	(303,193)
Net borrowing at 31 March	(116,226)	(112,517)
Net increase in borrowing	(3,709)	(12,290)

Questionnaire

have your say...

This is the third time the council has published summary accounts in this format. We hope they are easily understood.

Your feedback is important to us, and we want to know what you think about the summary accounts and how you feel they could be improved.

In particular, for 2007/2008, we will be producing an annual report which contains summary financial information, but which provides more emphasis on performance and achievements.

Please complete this short questionnaire and let us know what you think about the content or layout. Alternatively you can email: Carol.Harrison@iow.gov.uk with your comments. A number of people responded to last year's questionnaire, and as a result we have made amendments to the style and content of this year's summary.

Please return the survey to (there is no need for a stamp):
Summary of accounts survey, Financial Services (Room 210), Isle of Wight Council, FREEPOST (SCE 13306), County Hall, Newport, Isle of Wight PO30 1UD.

Summary of accounts - survey

1 On a scale of one to five, where one is not at all useful and five is highly useful – please rate how useful you found the summary:

1
 2
 3
 4
 5

2 What aspects of the summary did you find most useful?

3 On a scale of one to five, where one is very poor and five is very good – please rate the presentation of the summary of accounts:

1
 2
 3
 4
 5

4 Do you consider this summary meets your needs for information about the council, or would you prefer to receive an annual report which includes summary accounts as part of the content? If so, what additional information would you find useful in an annual report?

5 If you have any suggestions on how we could improve either the content or the presentation of the summary of accounts, please add them here:

