

Summary of Accounts

Details of the Council's spending
during 2010/11

www.fareham.gov.uk

2010/11

Director's Statement

The Council's Statement of Accounts has been prepared in accordance with International Financial Reporting Standards. This is a departure from prior years which had been prepared on a UK Generally Accepted Accounting Principles basis. The figures on which this summary is based were compiled having regard to proper accounting practice. For the purposes of this statement, some modifications were made to provide more meaningful information.

The Council's 2010/11 accounts have been audited by the Audit Commission.

A full copy of the Council's accounts is available for examination on request. If you wish to obtain a copy, please contact Caroline Hancock on 01329 824589 for further details. Alternatively a copy can be downloaded from the Council's website at www.fareham.gov.uk.

Andrew Wannell,
Director of Finance & Resources,
Civic Offices,
Civic Way,
Fareham,
Hampshire,
PO16 7AZ

Financial Review

The following statement by the Director of Finance and Resources describes some of the key points on the Council's stewardship of the public funds.

Financial Performance Actual gross revenue expenditure totalled £69.6 million for 2010/11. Although this was £10.2 million in excess of the revised budget, the two main variations were a revaluation loss on council dwellings and the pension adjustments listed under Exceptional Items. These do not have an impact upon council tax levels as they are adjusted within the Movement in Reserves Statement.

General Reserves and Balances were £32.9 million as at 31 March 2011, reflecting a prudent level of reserves for the Council, as required by the Council's External Auditors. Most of this money is earmarked for specific purposes.

Council Housing The Council owns 2,403 properties for which it charges rent. It is a legal requirement that all expenditure on these houses is funded from rental income. Any surplus or deficit at the end of the year is transferred either into or out of housing reserves. During the year, income exceeded expenditure by £1 million. This balance was transferred to the housing reserves. At the end of the year the housing reserve balances amounted to was £7.7 million.

Capital Expenditure Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets. The distinction from revenue expenditure is that the Council receives the benefit of capital expenditure over a longer period of time. The Council spent £4.7 million on capital expenditure programmes. More details are shown on a later page.

The Cost of Council Services

Revenue Account for the year ended 31 March 2011

The Revenue Account below presents the cost of running Council Services between 1st April 2010 and 31st March 2011 and where the money came from to finance these net costs.

	Service	Gross Exp £000s	Inc £000s	Net Exp £000s
	Central Services to the Public	6,855	(5,361)	1,494
Total Spending on Services is £69.6 million	Cultural, Environmental, Regulatory & Planning Services	12,161	(3,008)	9,153
	Highways & Transport Services	3,225	(3,961)	(736)
	Local Authority Housing (HRA)	9,071	(10,178)	(1,107)
	Other Housing Services	19,494	(17,818)	1,676
	Corporate & Democratic Core	3,636	(264)	3,372
	Non-distributed costs	12	0	12
Total Income from Services is £40.6 million	Exceptional items			
	Change in Pension Liability	(12,940)	0	(12,940)
	Dwellings Revaluation	28,106	0	28,106
	Cost of Services	69,620	(40,590)	29,030
	Less:			
	Other Operating Expenditure			(82)
The biggest source of income is the Government Grant of £16.6 million to meet housing benefit costs	Financing & Investment Inc & Exp			(859)
	Other comprehensive Inc & Exp			(3,824)
	Appropriations & other internal accounting			(10,859)
	Amount to be met by Government Grant and Council Tax			13,306
	Financed by:			
	Council Tax			6,029
	Government Grants			1,832
	Business Rates			5,445
	TOTAL			13,306

Balance Sheet

What the Council owns and is owed

	31 March 2011 £000s
Assets owned by the Council	149,955
Cash and Investments	40,442
Money owed to the Council	3,216
Money owed by the Council in the short term	(6,881)
Other amounts owed in the future	(41,233)
Grants received in advance	(5,794)
TOTAL	<u>139,705</u>
Financed by	£000s
Unusable Reserves	147,809
Pensions Reserve	(40,990)
Usable Reserves	32,886
TOTAL	<u>139,705</u>
Usable Reserves include:	£000s
Usable Capital Receipts	12,667
Capital Grants Unapplied	109
General Fund Surplus	5,201
Earmarked Revenue Reserves	7,213
Housing Reserves	7,696
TOTAL	<u>32,886</u>

Unusable Reserves include the Revaluation Reserve and Capital Adjustment Account.

£14.9 million of the Usable Reserves are earmarked to fund certain types of expenditure and £12.7 million is committed to fund future capital programme schemes and new corporate priorities.

The Council has a duty under legislation to maintain a prudent level of general reserves and £5.2 million has been set aside to provide a working balance and as a reserve against unexpected variations in expenditure or income.



Housing Revenue Account

The Council owns 2,403 properties.

It is a legislative requirement that all expenditure is funded from rental income.



**2010/11
£000s**

Service Income

Council House Rents	8,890
Other Income	1,810

10,700

Service Expenditure

Repairs and Maintenance	1,578
Supervision and Management	929
Capital Financing Costs	30,533
Other Costs	(23,387)

9,653

Transfer to Balances

1,047

The Council owned the following types and numbers of dwellings as at 31 March 2011

Houses	820
Flats	1,419
Bungalows	164
TOTAL	2,403

The number of properties reduced by 4 during 2010/11.



Capital Expenditure

Capital expenditure represents money spent by the Council on purchasing and improving the Council's assets. The Council receives the benefit from capital expenditure over a long period of time. The following table outlines the capital programme investment made during 2010/11:

	£000s
PUBLIC PROTECTION	
CCTV	13
STREETSCENE	
Cemeteries and Public Convenience Improvements	144
COMMUNITY	
Community Buildings	285
Play, Parks and Outdoor Recreation schemes	453
Grants to Community Groups	166
House Improvement Schemes	613
Social Housing Schemes	555
	2,072
STRATEGIC PLANNING & ENVIRONMENT	
Car Park Improvements	6
Environmental Improvements	520
	526
POLICY, STRATEGY AND FINANCE	
Vehicles and Plant	138
Information and Communications Technology	172
Civic Offices and Depot	333
Community Initiatives	34
	677
COUNCIL HOUSING IMPROVEMENTS	1,265
OVERALL TOTAL	4,697

Council Tax

Description	2010/11 £
Amount payable per Band D property	
For Fareham Borough Council	140.22
For Hampshire County Council	1,037.88
For Hampshire Fire and Rescue	61.38
For Hampshire Police Authority	146.25
TOTAL	<u>1,385.73</u>
	£000s
Total Amount due	
For Fareham Borough Council	5,980
For Hampshire County Council	44,266
For Hampshire Fire and Rescue	2,618
For Hampshire Police Authority	6,238
TOTAL	<u>59,102</u>

Fareham Borough Council collected 99.1% of Council Tax owed in 2010/11 compared to 98.7% in 2009/10. The national average collection rate for 2010/11 was 98.2%.

Fareham Borough Council was also responsible for the collection of business rates of £37 million on behalf of the Government. In 2010/11 99.2% of business rates were collected, compared to 98.5% in 2009/10. The national average collection rate for 2010/11 was 98.4%.

Financial Management

Description	2008/09	2009/10	2010/11
Annual accounts submitted on time	Yes	Yes	Yes
Number of Audit Qualifications	None	None	None

The Council's external auditors are required to give an opinion on the financial statements and this opinion should be "unqualified". Where the opinion is qualified, each qualification identifies an area where the financial statements are unreliable.