

NORTHUMBERLAND

Northumberland County Council

Summary of Accounts 2015-2016

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Financial Summary

2015-2016 continued to present significant financial challenges to the Council with the impact of central government funding reductions, exacerbated by increased demands for Council services arising from the economic downturn and demographic pressures.

The Council approved a net revenue budget of £264.00 million for 2015-2016 after taking account of Dedicated Schools Grant of £169.83 million, New Homes Bonus Grant of £5.02 million and Education Services Grant of £3.50 million. Efficiencies and other savings totalling £28.78 million were needed in order to arrive at a balanced position after assessing what was required in terms of spending capacity to maintain service provision and respond to essential growth pressures, and the consequent impact upon the increase in Council Tax levels.

The final outturn is a net contribution to general reserves of £7.56 million comprising a planned contribution of £5.56 million and a general underspend against services of £2.00 million. The position included £6.36 million of unfunded recurrent pressures across Adult Services and Children's Services which resulted in a transfer from reserves, and, an overspend within Local Services and Housing mainly a result of isolated incidents. Those incidents related to the clean-up and repair operation required following the severe flooding event in December 2015; and, the loss of income following a fire at the Council's only crematorium which resulted in its closure for the majority of the year.

The overall movement on the General Fund was £10.22 million; this also includes the transfer of £2.66 million balances regarding Homes for Northumberland being brought back in house on 1 September 2015.

The overall net worth of the Council has increased by £84.21 million in the year. This is due to several factors including a decreased Pension Fund liability, an increase in property, plant and equipment and a decrease in long term borrowing.

Planned capital expenditure for the year totalled £121.52 million, financed from a combination of borrowing, external grants, use of reserves, revenue contributions and capital receipts. This was based on the original programme approved in February 2015 of £160.96 million less net adjustments during the year of £39.44 million for re-phasing of expenditure to future financial years, and as well as in year additions.

During the year formal monthly budget monitoring reports have been produced in order to maintain strong financial management within the Council.

Statement of the Chief Executive

The accounts have been prepared following proper practice outlined in the codes of practice for local authorities' accounts and the financial reports of pension schemes and present fairly their financial position as at 31 March 2016 and their income and expenditure for the year ended 31 March 2016.

Audit Status

The figures in this summary are taken from the Draft Statement of Accounts published on 30 June 2016. The full Statement of Accounts will be audited by the Audit Commission's independently appointed external auditor Ernst and Young LLP, and the final version will be published on the Council's website by 30 September 2016.

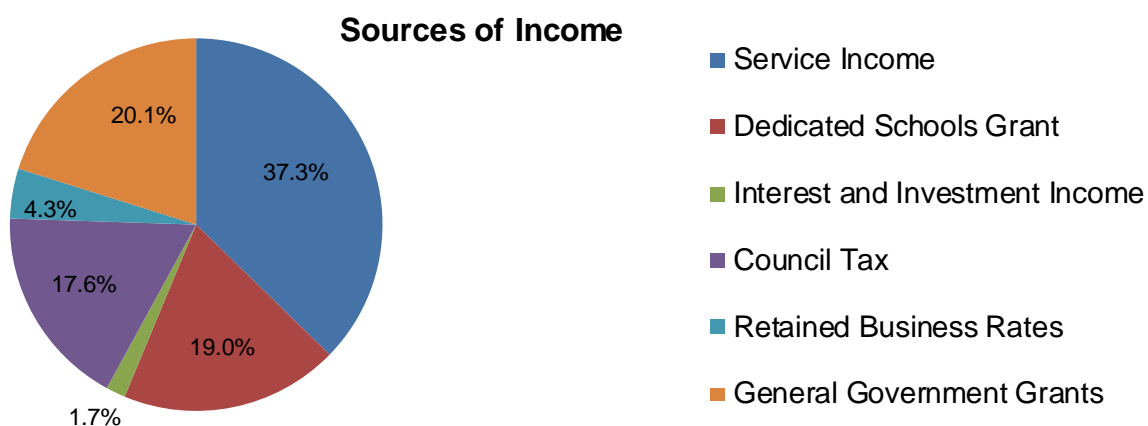
Annual Governance Statement

The Annual Governance Statement provides evidence that:

- The Council conducts its business in accordance with the law and proper standards;
- That public money is properly accounted for, is safeguarded and used economically, efficiently and effectively;
- Continuous improvement is achieved in the services provided; and
- Arrangements are in place for the management of risk

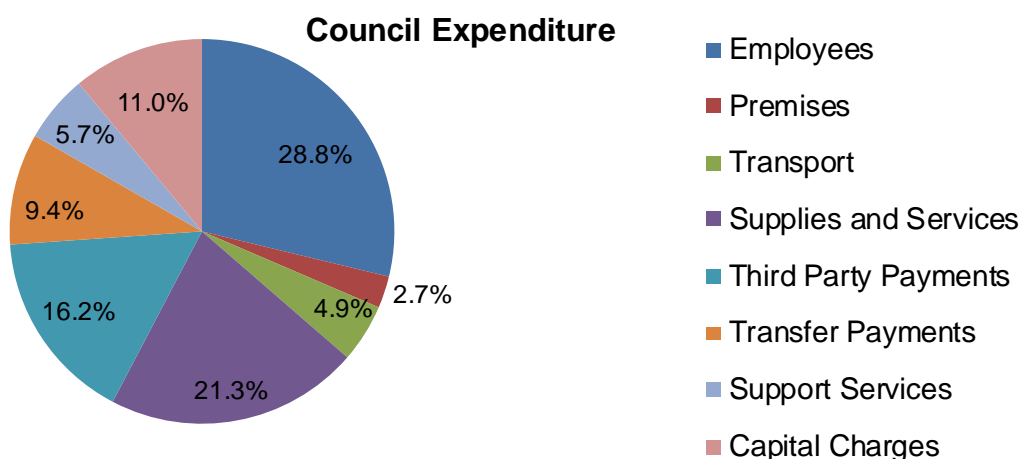
Where the money comes from

The Council relies in the main on service income, Dedicated Schools Grant, local taxation and Retained Business Rates to fund service provision. These sources of funding accounted for 78.2% of all income during the year with the remaining income being derived from other government grants and interest earned.



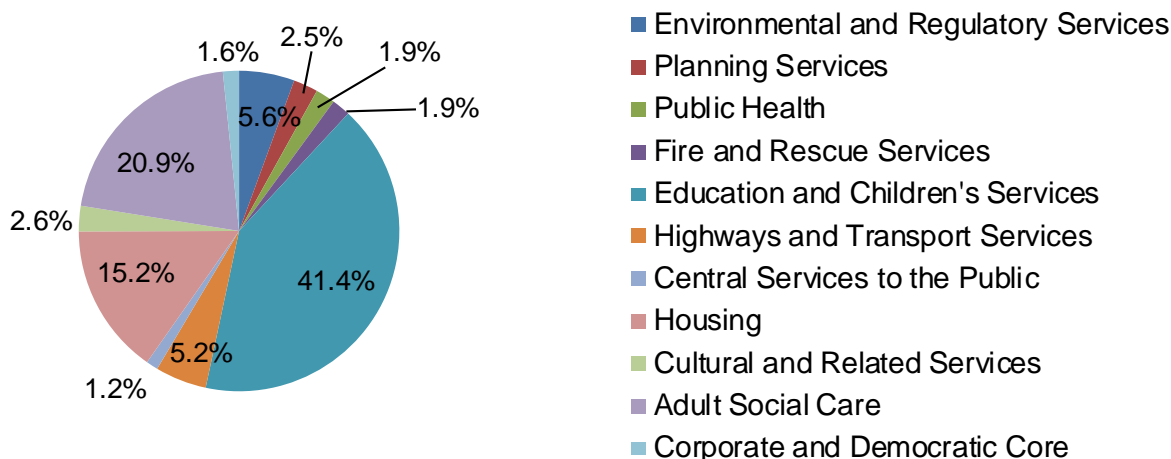
What the money was spent on

A large proportion of the Council's expenditure 28.8% is staff-related, 21.3% relates to the purchase of supplies and services, with transfer payments and third party payments accounting for a further 25.6%. The balance is mainly related to central costs and capital charges for the use of assets (depreciation and minimum revenue provision).



What services were provided?

Gross expenditure on the services provided by the Council is shown below. The service with the highest gross expenditure is Education and Children's Services, most of which is financed by the Dedicated Schools Grant. Adult Social Care has the second highest gross expenditure and the highest net expenditure. Housing Services has the third highest gross expenditure.



What the Council is worth

The balance sheet shows the end of the year financial position for the County Council. It presents the financial value of the land, buildings and other assets owned by the Council and the value of the borrowings and debts owed by the Council.

Usable reserves represent reserves available to the Council to fund the provision of services, subject to the need to maintain a prudent level of reserves. Unusable reserves are not available to the Council to provide services and include accounting adjustments in relation to the valuation of assets and liabilities.

Balance Sheet		£'000
Assets and liabilities:		
Land, buildings, equipment and stock		1,229,007
Investments and cash at bank		214,691
Money owed to Council		317,681
Money owed by Council		(147,677)
Bank overdraft and borrowing		(658,699)
Pension and other liabilities		(684,490)
Net assets		270,513
Financed by:		
Usable reserves		178,588
Unusable reserves		91,925
Total reserves		270,513

Members Allowances

The Council paid a total of £1.53 million to members of the Council during the year comprising salaries of £0.17 million, allowances of £1.31 million and expenses of £0.05 million.

Officers' Remuneration

The number of officers whose remuneration, excluding pension contributions, was £50,000 or more is shown below, in bands of £5,000. Remuneration is defined as all amounts paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits.

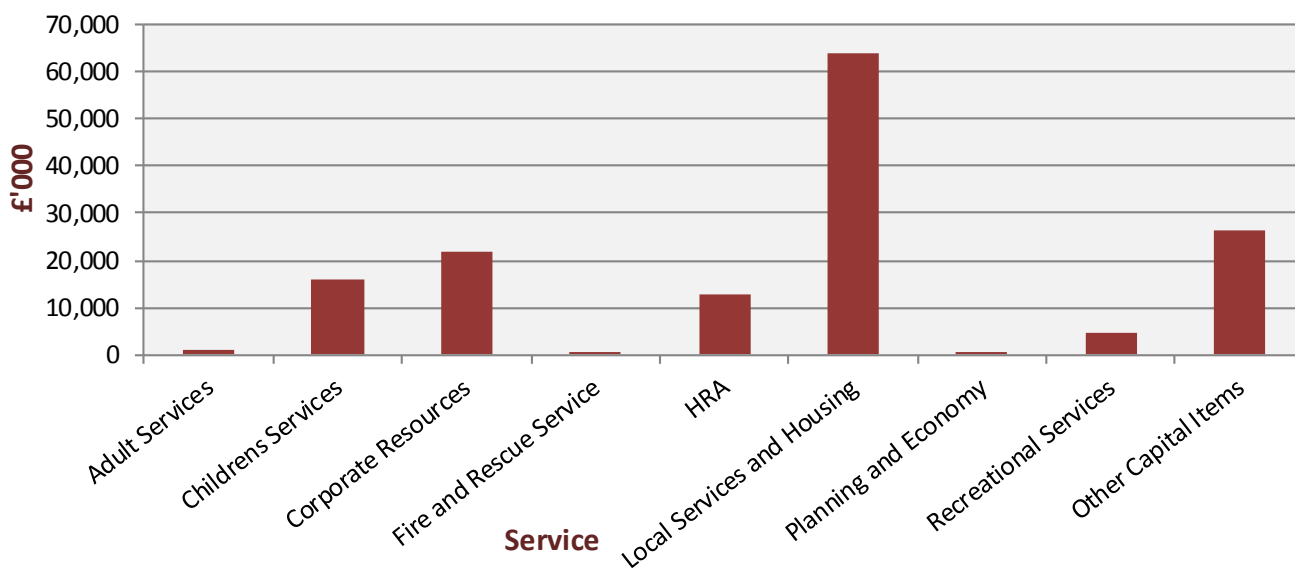
Band	Number	Band	Number
£50,000 - £54,999	91	£110,000 - £114,999	1
£55,000 - £59,999	67	£115,000 - £119,999	1
£60,000 - £64,999	29	£120,000 - £124,999	0
£65,000 - £69,999	19	£125,000 - £129,999	0
£70,000 - £74,999	12	£130,000 - £134,999	1
£75,000 - £79,999	13	£135,000 - £139,999	0
£80,000 - £84,999	5	£140,000 - £144,999	0
£85,000 - £89,999	2	£155,000 - £159,999	1
£90,000 - £94,999	4	£170,000 - £174,999	0
£95,000 - £99,999	3	£175,000 - £179,999	1
£100,000 - £104,999	2	£195,000 - £199,999	1
£105,000 - £109,999	1	Total	254

Capital Expenditure

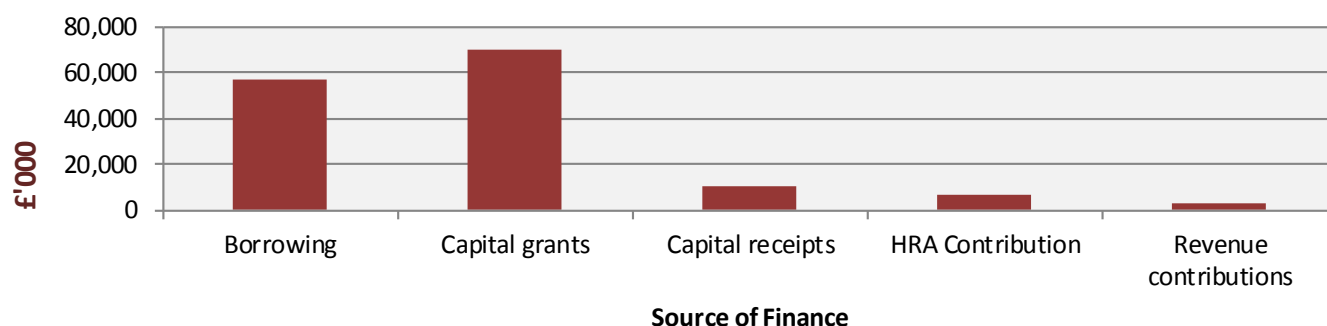
Capital expenditure represents money invested by the Council on buying and upgrading assets such as roads, buildings and equipment which are used to deliver services over the long term. During the year the Council incurred £146.93 million of capital expenditure.

Capital expenditure within service areas and sources of capital financing are shown below.

Capital Investment by Service



Sources of Capital Financing



National Non-Domestic Rates (NNDR)

In 2015-2016 the Council collected £75.48 million (£76.29 million in 2014-2015) from business rate payers. The new business rates retention scheme was introduced in 2013-2014. Of the rates collected the Council retains 50% with the remainder distributed to preceptors, and in the case of Northumberland, the preceptor is Central Government (50%).

Council Tax

The net Council Tax liability in 2015-2016 was £160.02 million (£154.78 million in 2014-2015), with a 98.2% collection rate of council tax owed.

The table below shows how Band D council tax has changed in Northumberland over time:

	2014-2015	2015-2016
No. Band D Equivalent Properties	96,802	97,734
Band D Council Tax Charge	£ 1,486.22	£ 1,515.88

Housing Revenue Account (HRA)

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to show that expenditure on managing tenancies and maintaining dwellings is met by rents charged to tenants. The HRA is a statutory account, ring fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

Housing Revenue Account (HRA)	£'000
Expenditure:	
Repairs and maintenance	6,041
Supervision and management	7,116
Other costs	7,767
Total Expenditure	20,924
Income:	
Rental income	(30,981)
Contributions towards expenditure	(527)
HRA Subsidy Receivable	(5)
Charges for services and facilities	(1,502)
Total Income	(33,015)
Net cost of HRA share of operating expenditure	4,174
Surplus for the year on HRA services before any adjustments	(7,917)

Carbon Footprint

The County Council is committed to working with partners and local communities to progressively address the causes and impacts of climate change according to local priorities. The Carbon Reduction Commitment figures for 2015-2016 will be available at the end of July and these will be presented in the final Summary of Accounts published at the end of September.

What do you think?

The summary accounts are intended to be intelligible and accessible to you. We want to know what you think about them and how you feel they could be improved. Please email your comments to alison.elsdon@northumberland.gov.uk. A full copy of the accounts, which includes a comprehensive glossary to help explain some of the terms in this summary, can be accessed at <http://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/About-the-Council/Finance/DRAFT-Statement-of-Accounts-2015-16.pdf>

Accessibility

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