

## **DARLINGTON BOROUGH COUNCIL**

### **SUMMARY OF ACCOUNTS – 2004-05**

#### **Director's Statement**

Each year, the Council produces an annual Statement of Accounts, which is prepared in accordance with statutory requirements and best practice as recommended by the Accounting Code of Practice that applies to local authorities. The information contained in this summary has been modified to provide more easily understandable information.

The Council's 2004-05 accounts have been audited by PricewaterhouseCooper, who are appointed by the Audit Commission. The auditor has issued an unqualified opinion and the full statement of accounts is available on the Council's website.

#### **The Council's Accounts**

Council's are required to keep separate accounts in relation to continuing annual service provision (revenue accounts) and major expenditure on assets (capital accounts).

We are also required to account separately for income and expenditure relating to our Housing stock (called the Housing Revenue Account – HRA). HRA expenditure is funded from rents; Council Tax income cannot be used to pay for HRA expenditure. Net expenditure on Housing relates to the Councils statutory and strategic housing responsibilities and internal charges for asset usage.

All services other than HRA are termed General Fund services. These are funded by a combination of government grant, non-domestic rates (sometimes called business rates) and Council Tax.

Both General Fund and HRA have reserves (sometimes called working balances) to enable changes in expenditure and income between years to be managed and to meet any significant unexpected or urgent expenditure.

## **2004-05 Revenue Budget and Reserves**

In March 2004 the Council set a budget for 2004-05 of £105.6M. The budget is proactively managed throughout the year and can be amended in accordance with the Council's Constitution. During the year, an additional £0.3M of reserves was released to fund various projects.

At the start of 2004-05, the Council planned to have unallocated reserves of £7.3M at 31st March 2005. As a result of changes to the financing of some major items of expenditure and reductions in some areas of spending, during the year the Council revised its planned level of reserves to £11.0M. Actual reserves at 31st March 2005 were £11.1M. In addition, departments held £0.9M of allocated reserves that are earmarked for specific services at 31st March 2005.

The Council plans to use reserves over the next four years (£1.2M in 2005-06) to effectively control spending within projected resources. The level of reserves at 31st March 2005 is appropriate, given the need to carefully manage expenditure limitations over the next four to five years.

## **Capital Expenditure**

During 2004-05 the Council spent £29.9million on capital, principally on housing improvements and renovations (£6.6M), schools (£7.4M), leisure facilities (£2.3M), social services facilities (£0.7M), highways (£5.0M) and regeneration (£1.4M). This was funded by the use of borrowing (£11.9M), grants and contributions (£14.1M) and capital receipts (£3.8M). Total borrowing from outside the Council for capital spending is £72.5M.

The Department of Education & Skills (DfES) approved funding of £35M for a Private Finance Initiative (PFI) scheme involving Beaumont Hill Special School, Haughton Community School, Springfield Primary School (The Education Village) and Harrowgate Hill Infants and Junior Schools.

If you require further information about the Council's accounts, or wish to comment on this summary statement, please contact Accounting Services on 01325 388326 or e-mail [enquiries@darlington.gov.uk](mailto:enquiries@darlington.gov.uk)

## REVENUE ACCOUNT – for the year ended 31st March 2005

The Revenue Account shows the cost of delivering all Council services from 1st April 2004 to 31st March 2005, where the money came from and the surplus for the year, which is added to Reserves.

Revenue Account	Net Expenditure £M	
Education	60.7	
Social Services	21.9	
Cultural, environmental & planning services	14.2	
Highways, roads & transport services	5.6	
Housing services	2.7	
Central services to the public	5.1	
Corporate and democratic core	4.9	
<b>Net Cost of Services</b>	<b>115.1</b>	
Internal charges for use of assets	-12.2	
Appropriations to and from reserves	-4.8	
Other internal accounting adjustments	0.4	
<b>Amount to be met from Government Grants and Local Taxation</b>	<b>98.5</b>	
Financed by: -		
Revenue Support Grant	48.4	46%
Non-domestic Rates (Business Rates)	27.3	26%
Council Tax	29.9	28%
<b>Total income from Government Grants &amp; Local Taxation</b>	<b>105.6</b>	
<b>Net General Fund surplus for the year</b>	<b>7.1</b>	
<b>General Fund Reserve</b>	<b>£M</b>	
Brought forward at 1st April 2004	4.9	
Surplus for the year	7.1	
Carried forward at 31st March 2005	12.0	

<b>Housing Revenue Account – expenditure and income relating to the Council’s housing stock – 1st April 2004 to 31st March 2005</b>	<b>£M</b>
Income	
Rents	13.3
Charges and contributions	1.2
<b>Total Income</b>	<b>14.5</b>
Expenditure	
Repairs and maintenance	4.5
Management	3.8
Capital financing costs	4.6
Other costs	1.6
<b>Total Expenditure</b>	<b>14.5</b>
Working balance at 1st April 2004	0.5
Contribution to / (from) reserve	0.0
Working balance at 31st March 2005	0.5

**BALANCE SHEET - What the Council owns, owes and is owed at 31st March 2005**

<b>Assets and Liabilities</b>	<b>£M</b>
Council dwellings	81.8
Other Land and Buildings	118.3
Other fixed assets	40.5
Money owed to the Council	54.7
Money owed by the Council	(32.4)
<b>Total Assets less liabilities</b>	<b>262.9</b>
Financed by: -	
Borrowing	71.1
Non-distributable reserves (1)	170.0
Distributable reserves (2)	21.8
<b>Total Financing of Net Assets</b>	<b>262.9</b>

- (1) Non-distributable reserves are: -  
Fixed asset restatement reserve (£109.4M) and Capital financing and deferred grants accounts (£60.6M)

(2)

<b>Distributable reserves are: -</b>	<b>£M</b>
General Fund reserve	12.0
Schools reserves	2.6
Investments	3.5
Housing Revenue Account	0.5
Other	3.2
<b>Total Distributable Reserves</b>	<b>21.8</b>