

# summary 2004-2005 of accounts

*This special summary of the council's accounts tells you where the council spent its money in 2004-2005 on services ranging from education to highways and transport.*

*Please note, these summary accounts relate to the financial year before the council elections in May 2005, and not to the current period under the direction of the newly-elected council.*

*We are keen to have your feedback, so please fill in and return the questionnaire at the bottom of page 25.*



## What we spent, where the money came from and capital expenditure

### What we spent

This table shows the net cost of running council services between April 2004 and March 2005 and where the money came from to finance those costs.

	<i>Net expenditure</i> (£'000)
Education services	79,467
Social services	38,695
Cultural and planning	25,994
Highways and transport	9,158
Fire services	6,825
Housing services	3,912
Corporate services	6,660
Court services	639
	<b>171,350</b>
Additions to balances	3,787
Less: other operating costs and income	(16,725)
	<b>158,412</b>

### Where the money came from

Local council tax payers	56,748
Government revenue support grant	62,658
Business rates	38,984
	<b>158,390</b>

<b>Net revenue deficit for the year</b>	<b>22</b>
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### Capital expenditure

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 2004/2005 we spent money on providing new assets and improving existing assets, as detailed in the following table.

The expenditure was financed from a combination of borrowing supported by the government, grants and receipts from the sale of assets.

	(£'000)
Education services	9,785
Highways and transport	6,920
Social services	1,026
Fire services	74
Housing services	1,434
Coast protection	3,011
Other services	5,362
	<b>27,612</b>

### This was financed by

Increase in long term loans	13,784
Capital grants and contributions	12,665
Income from sale of land and buildings	1,163
	<b>27,612</b>

## During 2004-2005, the council...

- Provided a new meals on wheels service.
- Brought 41 empty properties back into use.
- Achieved development and delivery programmes for Ryde, Sandown Bay and West Wight regeneration areas.
- Created a fully operational children's services directorate.
- Reduced the number of burglaries on the Island in partnership with the police.
- Encouraged 200,000 more people to use buses.
- Achieved a combined waste recycling and composting result of 35 per cent of household waste, which is one of the best in the country.

## In a typical year, the council...

- Educates 19,060 pupils.
- Supports 110 adults with a learning disability to live at home.
- Supports 930 elderly people in residential/nursing care homes.
- Supports 790 elderly people to live in their own homes.
- Looks after 110 kilometres of coastline, 792 kilometres of roads and pavements, and 827 kilometres of public rights of way
- Looks after 11,750 street lights and 2,250 illuminated traffic signs and street furniture.
- Deals with 1,610 fire incidents and call outs.
- Deals with 80,000 tonnes of household waste.

## 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.

	(£'000)
Capital assets	286,678
Stocks	593
Cash in bank and investments	46,640
Money owed to the council	13,647
Money owed by the council	(24,423)
Long term borrowing	(142,308)
Pensions and other liabilities	(141,456)
	<b>39,371</b>
<b>Total assets less total liabilities</b>	<b>39,371</b>
<b>This was financed by</b>	
Earmarked reserves	31,494
Capital and accounting reserves	5,822
General fund balance	2,055
	<b>39,371</b>
<b>Total reserves and balances</b>	<b>39,371</b>

**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. As part of its 2005/2006 budget, the council plans to spend £7 million on the opening balance to fund service improvements.

**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 to avoid significant calls on that resource.

## Cash flow summary and local government pension fund

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

	(£'000)
Net borrowing on 1 April 2004	(88,829)
Cash in	280,163
Cash out	(291,561)
Net borrowing at 31 March 2005	(100,227)
	<b>(11,398)</b>

### Isle of Wight Council local government pension fund

The council is responsible for administering a pension fund covering staff employed by the council and 16 other bodies. The fund includes local authority employees on the Isle of Wight, except teachers and firefighters for

whom separate pension arrangements are made. At 31 March 2005 there were 4,570 contributors to the fund and 2,373 pensioners and dependants.

	(£'000)
Opening net assets at 1 April 2004	166,418
Net income received from fund members	223
Net return on investments	20,666
Closing net assets at 31 March 2005	187,307

### Net assets statement at 31 March 2005

Value of investments	182,698
Cash in hand	3,687
Money owed to the fund	1,428
Money owed by the fund	(506)
Total net assets	187,307

## Questionnaire

### have your say...

This is the first year the council has published summary accounts.

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.

Please complete this short questionnaire and let us know what you think about the content or the layout.

Alternatively, you can email [Carol.Harrison@iow.gov.uk](mailto:Carol.Harrison@iow.gov.uk) with your comments.

Please return the survey to the address below. There is no need for a stamp.

*Summary of accounts survey, Financial Services (Room 216), Isle of Wight Council, FREEPOST (SCE13306), County Hall, Newport, Isle of Wight PO30 1UD*

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 aspect(s) of the summary did you find most useful?

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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

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:

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