Summary Statement of Accounts

2012-13

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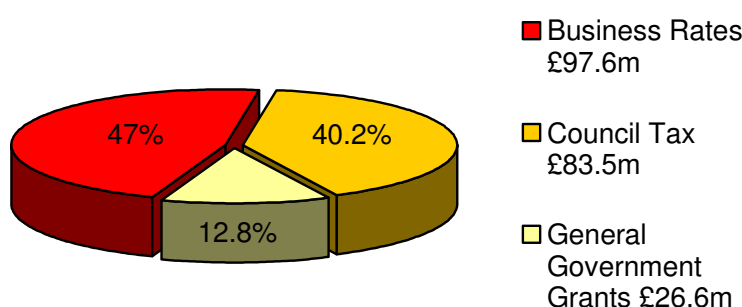
Our accounts at a glance

The council has published its audited accounts for the financial year 2012-13 and this short summary has been put together to highlight how we have spent the money we have on the services you need.

We have produced this summary of key information with rounded figures to make this easier to understand. The full Statement of Accounts with the actual figures is a long and detailed document which you can see at www.southampton.gov.uk/statementaccounts.

Where the money comes from

The money we spend comes from a number of places. You will certainly know about your council tax but we also get money from the government and businesses in the city.

In 2012-13 we received a total of £207.7million (m)

- Business Rates £97.6m
- Council Tax £83.5m
- General Government Grants £26.6m

(Pie chart: 47%, 40.2%, 12.8%)

What we spent

We managed to stay well within budget and this enabled the Council to transfer £6m to balances which will be available for future years.

Net costs

Adult Social Care	£64.26m		Other Housing Services	£12.95m
Central Services to the Public	£6.70m		Exceptional Items	£35.66m
Corporate and Democratic Core	£3.34m		**Net cost of services**	**£234.75m**
Non Distributable Costs	£3.78m		Add: Other income, expenditure and adjustments	(£33.47m)
Children's and Education Services	£65.42m		**Total Net Costs**	**£201.28m**
Cultural and Related Services	£17.67m		Financed by:	
Environment and Regulatory Services	£19.57m		General government grants	(£26.60m)
Planning and Development Services	£4.33m		Business rates	(£97.59m)
Highways and Transport Services	£11.45m		Council tax	(£83.48m)
Local Authority Housing	(£10.38m)		**Surplus transferred to balances**	**£6.39m**

SOUTHAMPTON CITY COUNCIL

Summary Statement of Accounts

Capital expenditure and funding

The council spends money purchasing, upgrading or improving assets such as schools, housing, buildings or roads. This 'capital expenditure' creates assets that add value to the council and improve the way we provide our services for years to come. This expenditure is treated separately from the day to day spending on the services we provide.

During 2012-13 we spent £78.5m on capital projects. Most of the money for these projects came from government grants and contributions (67%). Internally generated funds, such as money we raised selling assets and revenue contributions added a further (26%) and we took out borrowing for the remainder (7%). The tables below show where the money comes from and what services it was spent on.
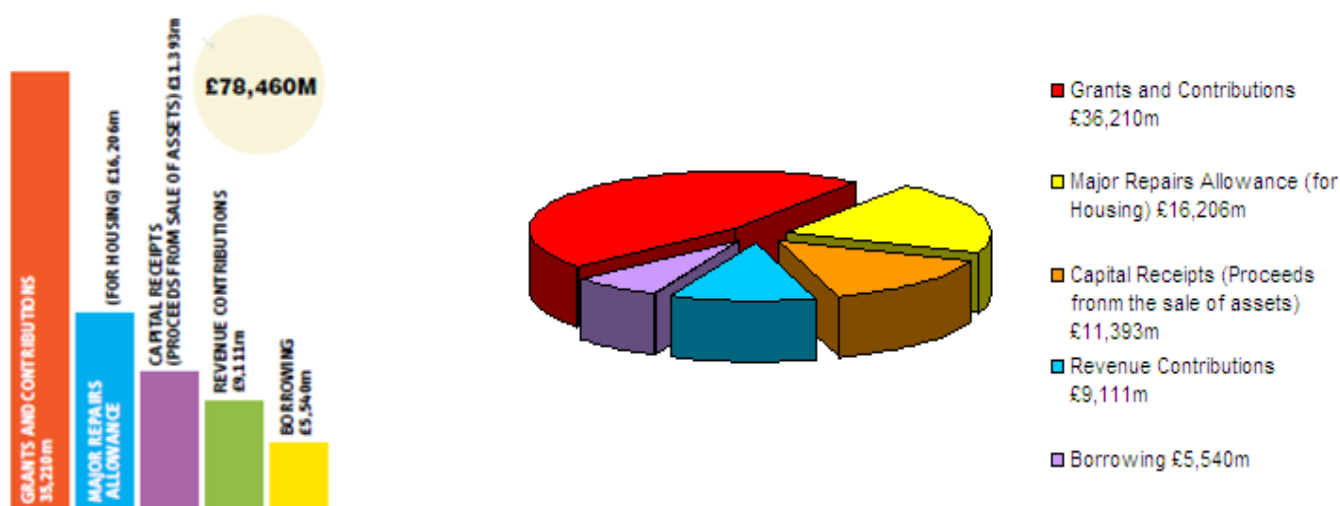

Housing revenue account (HRA)

The council acts as landlord for a number of the city residents; we pay for the maintenance and management of the housing stock and collect the rents. By law all expenses must be covered by the income we receive from council tenants as we cannot use council tax funds for HRA services or use HRA rents for other council services.

The table below is a summary of income and expenses associated with council housing. The figures in the full Statement of Accounts will differ due to the need to apply accounting practices but still show the overall surplus of £668,000 to be transferred to balances.

Summary Statement of Accounts

The housing stock consisted of:

HOUSES
5,417

FLATS
11,374

BUNGALOWS
16
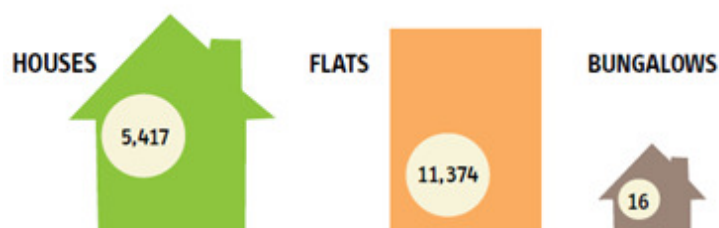
Income 2012/13

Council house rents (gross)	(£65.15m)
Other income	(£3.19m)
	(£68.34m)

Expenses 2012/13

Repair and maintenance	£14.11m
Supervision and management	£17.53m
Capital financing costs	£16.14m
Depreciation of assets	£16.20m
Other costs	£3.69m
	£67.67m
Surplus transferred to balances	(£0.67m)
Overall surplus	£668,000

The balance sheet

The balance sheet shows a snapshot of the overall financial position of the Council as at 31 March. It brings together the year end balances of all the Council's accounts, and represents money owed by and to the Council, assets owned and the balances and reserves at the Council's disposal.

The balance sheet includes non-distributable reserves (money tied up in assets that we can't spend) and distributable reserves (money that, in theory, we can spend). It shows that we have £76m in distributable reserves this year but this does not mean we have a big pot of money waiting to be spent. Much of this has already been assigned for spending in future years.

> The council has physical assets worth £1.3 billion

> The increase is mainly a result of the debt taken on by the HRA to 'buy' itself out of the old subsidy system. Under the new regime the HRA now has more control.

> This represents the difference between the value of the pension fund and the estimated present value of future pensions which the council is committed to paying

> The majority of theses reserves reflect nominal accounting items

Our assets	2011/12	2012/13
Buildings and land owned by the council	£1,404m	£1,343m
Heritage assets	£197m	£197m
Stocks, stores and work in progress	£1m	£1m
Money owed to the council	£112m	£125m
Our liabilities		
Money owed by the council	(£107m)	(£92m)
Money set aside to meet future costs	(£8m)	(£7m)
Borrowing	(£294m)	(£371m)
Net pension fund liability	(£385m)	(£418m)
Assets minus liabilities	**£843m**	**£766m**
Financed by		
Non-distributable reserves (we can't spend this)	£772m	£690m
Distributable reserves	£71m	£76m
(much of this has been allocated for future years)		
Total	**£843m**	**£766m**

SOUTHAMPTON CITY COUNCIL

Summary Statement of Accounts

Distributable reserves

A more detailed breakdown is shown below. The majority of the reserves classed as "usable" in the Statement of Accounts are already earmarked to fund commitments that the Council has made, to fund capital spend or the Housing Revenue Account.

	2011/12 £000's	2012/13 £000's
General Fund Balance	23.53	29.92
Ear Marked Reserves	29.54	26.39
Housing Revenue Account	2.62	3.29
Capital Receipts Reserve	4.80	7.04
Capital Grants & Contributions Unapplied	10.03	9.14
	70.52	75.78

The only reserve that can be utilised to support the general fund budget is the General Fund Balance. Whilst this has increased, the latest forecast is that this will reduce from the current level of £29.9m to £10.5m as planned commitments are funded.

The approved minimum level for the General Fund Balance is £5.5m and is based on an assessment of risk. In the context of gross spend in excess of £500m this provides a relatively small cushion to enable the Council to manage financial issues.