

# Summary of accounts 2005 - 2006

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Spending money wisely IN Salford

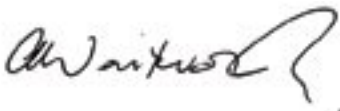
## Welcome to Salford City Council's Summary of accounts

Do you want to know how Salford City Council is funded and where the money is spent? Salford City Council is committed to openness and transparency, and this leaflet summarises the council's spending during 2005/6 and illustrates Salford City Council's financial position at 31 March 2006 in a simplified format that is more readable than the full, official Statement of Accounts.

Salford City Council's full Statement of Accounts is prepared in accordance with proper accounting practice and audited by the Audit Commission. The audit finished in September 2006 and the auditor was able to conclude that the full Statement of Accounts did indeed provide a true and fair view of the council's financial position.

At Salford City Council we welcome your comments on this summary. Did you find it helpful? Did it provide you with the financial information that you expected to see? If you have any questions, or would like to see the full version of the council's 2005/06 Statement of Accounts, please get in touch with my team by using the contact details on the back of this leaflet.

I look forward to hearing your comments.



**Strategic Director of Customer & Support Services**



## How much does it cost to run Salford City Council?

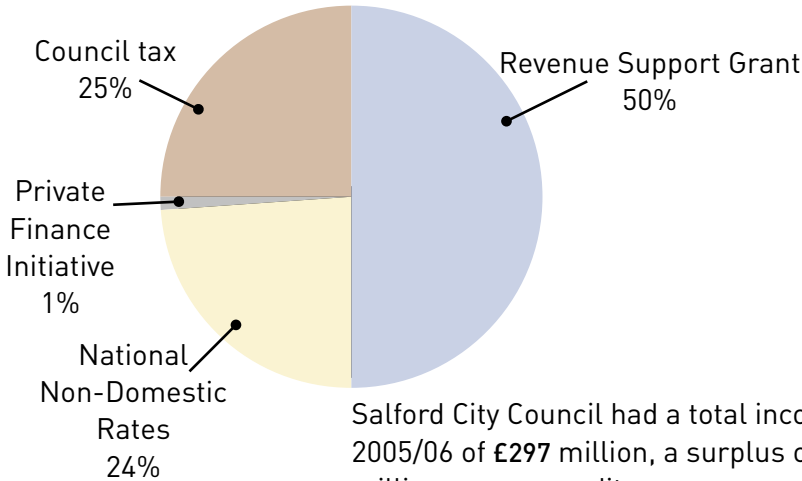
The revenue account presents the cost of running council services between April 2005 and March 2006. It also shows where the money came from to finance those costs as well as how money that has not been used at the year-end contributes to general reserve balances. The general reserve is money that hasn't been allocated to anything specific, but has been set aside for the future, in particular to provide a cushion against unexpected expenditure.

### Revenue account for the year ended 31 March 2006

Gross = before income Net = after income	Gross expenditure £millions	Income £millions	Net expenditure £millions
Housing services	196	(172)	24
Education	180	(42)	138
Social services	139	(60)	79
Transportation and roads	43	(7)	36
Planning and development	41	(31)	10
Corporate services	36	(25)	11
Environmental services	26	(7)	19
Cultural and related services	20	(3)	17
<b>Net cost of services</b>	<b>681</b>	<b>(347)</b>	<b>334</b>
Loan interest and other internal accounting			(39)
Amount to be met from government grants and local taxation			<b>295</b>
<b>Financed by (see pie chart on next page):</b>			
Revenue support grant			(150)
Council tax			(73)
Distribution from non-domestic rates pool			(72)
Private finance initiative grant			(2)
<b>Total Financing Income</b>			<b>(297)</b>
<b>Net general fund surplus for the year</b>			<b>2</b>
General fund at end of March 2005			8
General fund at end of March 2006			10

# Where does Salford City Council's income come from?

Income - £297 million



Salford City Council had a total income in 2005/06 of £297 million, a surplus of £2 million over expenditure.

The majority of income comes from the government via Revenue Support Grant and redistributed non-domestic rates.

Income from council tax is only **one quarter** of total net expenditure.

## Council tax

Council tax	2005/06	2004/05
Population of Salford	216,359	216,532
Band D council tax	£1,328.54	£1,285.26
Number of Band D properties for council tax	62,218	62,024
Estimate of amount collected	98.0%	98.0%
Actual amount collected up to 31 March 2006	87.1%	90.6%

The actual amount of council tax collected for the year ending 31 March 2006 will continue to increase throughout this year and the next. Ultimately we aim to collect 98% of the council tax we charged

in 2005/06. The Customer Services division is constantly monitoring performance and looking for ways to improve efficiency and collection rates.

## What is Salford City Council's financial position?

The balance sheet shows what the council owns and is owed (assets), what it owes (liabilities) and what its capital position is on the last day of the financial year, 31 March 2006.

Balance sheet	31 March 2006
	£millions
<b>Assets:</b>	
Buildings and land owned by the council	1,181
Money owed to the council	79
Investments	70
Cash	2
Stocks	1
<b>Liabilities:</b>	
Money owed by the council:	
Borrowing	(508)
Other	(299)
	<b>526</b>
<b>Capital (financed by):</b>	
Non-usable reserves	673
Earmarked reserves	36
General reserve	10
Pension fund deficit	(193)
	<b>526</b>

The council has a duty under legislation to maintain a prudent level of general reserves. We have calculated that a prudent amount would be £7 million, which is more than satisfied by the value in the balance sheet of £10 million.

## What do we spend our money on?

### Housing services - enhancing life in Salford

Salford City Council ensures Salford is a city that's good to live in with a quality environment and decent, affordable homes which meet the needs of local people.

New Prospect manages 26,090 council houses:

Houses	13,509
Flats	11,212
Bungalows	1,369
<b>Total (March 2006)</b>	<b>26,090</b>

The number of houses owned by the council has reduced by 685 during the year due to sales and demolitions. We try to make full use of our housing assets and only 1.9% of total rent was lost through property vacancies in 2005/06, compared with 2.4% in 2004/05.

The proportion of rent collected in 2005/06 was 96.4%, compared with 96.7% in 2004/05.

It is a legal requirement that a separate record is maintained of all income and expenditure on council housing so it is held in the Housing Revenue Account (HRA). The Housing Revenue Account is included as part of housing services in the overall revenue account shown previously.



<b>Housing Revenue Account (HRA)</b>	
	<b>2005/06</b>
	<b>£millions</b>
<b>Income</b>	
Gross rents	69
Service and facility charges	5
HRA subsidy receivable	11
	<b>85</b>
<b>Expenditure</b>	
Repair and maintenance	24
Supervision and management	24
Loan interest	28
Fixed asset depreciation	18
Other costs	3
	<b>97</b>
<b>Net Cost of Services</b>	<b>12</b>
Appropriations and other internal accounting	(12)
<b>Deficit for year</b>	<b>0</b>

### **Health - improving health in Salford**

One of our key pledges is to improve health, well being and social care of the people of Salford. For example, supporting adults and older people in residential nursing care and providing intensive home care, the average cost of which was £25,740 in 2005/06.

### **Young people - investing in young people in Salford**

Salford City Council focuses on services, activities and opportunities to support children and young people in achieving their full potential. For example, the average cost per looked after child in foster care or in a children's home was £45,760 in 2005/06.

## Environment - enhancing life in Salford

Salford City Council ensures Salford is a clean environment to live in by investing in waste collection. In 2005/06 Salford City Council kept the cost of waste collection per household to **only** £31.74.

## Education in Salford - encouraging learning in Salford

Another key pledge is to raise education and skill levels in Salford by investing in each pupil. For example, the average cost per pupil in Key Stage 4 was estimated to be £2,757 during 2005/06.

## How did the finance division perform in 2005/06?

### Debtors

- We raised over 42,000 invoices to collect money owed to the council.
- The level of outstanding debt over 60 days old reduced by 26% during the year, exceeding the 10% reduction target.
- The level of debt over 90 days old was the lowest of all Greater Manchester councils.

### Purchasing and payments

- We paid over 157,000 supplier invoices.
- We improved prompt payment of undisputed commercial invoices, with 97% paid within 30 days compared with performance in 2004/05 of 95%. This figure has considerably improved since 2001/02 when the figure was 78%.
- The proportion of suppliers paid by banks automated clearing system (BACS) increased to 71% in 2005/06 compared with 69% in 2004/05, through the active targeting of suppliers. This saves time and money in administration as well as avoiding the risk of theft or loss associated with cheque transactions.
- We made £219,300 savings by efficient management of corporate contracts for goods and services.

- 30% of all purchase orders for goods are now made on-line, compared to 20% in 2004/05, providing a quicker and more efficient service.

### **Internal Audit**

- The Audit Commission identified one of our key strengths to be the council's Internal Audit playing an increasingly significant role in the development of the overall control environment and risk management arrangements.
- By effective energy management we saved £350,000 despite considerable national increases in energy prices.

### **Accountancy**

- The Comprehensive Performance Assessment by the Audit Commission awarded Salford City Council a score of 3 out of 4 for its use of resources. This heading includes financial management, financial reporting, financial standing, internal control and value for money. Few authorities nationally scored higher than 3 out of 4.
- The Accounts Committee were able to sign off the accounts on 19 June following the 31 March year end, compared with a 14 July sign-off last year. This represents a time-efficiency improvement of 24%, on top of the 30% improvement in 2004/05.



## Key summary

### Financial performance (general fund)

2005/06 expenditure was contained within budgets. In accordance with a medium-term strategy to build up a healthy general reserve to provide for unforeseen events, an additional £2 million has been set aside. At £10 million at 31 March 2006, general reserves now stand well above the target level. In addition, the council maintains healthy provisions for known future commitments, such as insurance claims and bad debts.

### Financial performance (housing revenue account)

The council is currently undertaking a fundamental review of its options for managing council houses, which could result in major changes in 2007/08. Housing reserves remain at the planned, healthy level of £4 million at 31 March 2006.

### Capital expenditure

Capital expenditure represents money spent by the council for the purposes of purchasing, upgrading or improving assets such as buildings and roads. The distinction from revenue expenditure is that the council receives the benefit from capital expenditure over a longer period of time; it is therefore appropriate to spread the costs over that estimated period of time. The council spent £103 million during the year to finance various capital expenditure programmes. Here is a summary of the main elements of capital expenditure for 2005/06:

- Assets not owned by Salford City Council - £37 million.
- Council dwellings - £19 million.
- Infrastructure - £17 million.
- Other land and buildings - £17 million.
- Non-operational land and property - £8 million.
- Vehicles, plant and equipment - £4 million.
- Community assets - £1 million.

## Useful website

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

## Further information

If you have any questions, or would like to see the full version of Salford City Council's 2005/06 Statement of Accounts please contact:

Corporate Accountancy team,  
Finance Division,  
Customer and Support Services,  
Salford Civic Centre,  
Chorley Road,  
Salford,  
M27 5AW

Telephone 0161 793 3245  
Email [council.finances@salford.gov.uk](mailto:council.finances@salford.gov.uk)  
[www.salford.gov.uk/finance](http://www.salford.gov.uk/finance)



# Salford City Council

**Corporate Accountancy team,**  
Finance Division,  
Customer and Support Services,  
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إذا احتجت للمساعدة في فهم هذه النشرة , برجاء الاتصال بفريق المساواة في مجلس سالفورد ,  
هاتف رقم 0161 793 3536

এই পুস্তিকাটি বোঝার জন্য যদি আপনার সাহায্যের প্রয়োজন হয় তাহলে সেলফোর্টে কাউন্সিলের ইকুয়ালিটি টিমের সঙ্গে যোগাযোগ করুন টেলিফোন নম্বর 0161 793 3536

如果您有關於本宣傳頁的任何問題，請聯繫 Salford 理事會的 Equalities 團隊，電話號碼為 0161 793 3536

જો આ લીફલેટ સમજવા માટે તમને મદદની જરૂરત હોય, કૃપા કરી ઇકુવાલિટીજ ટીમ સહોર્ડ કાઉન્સિલનો ટેલિફોન નમ્બર 0161 793 3536 પર સંપર્ક કરો.

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਲੀਫਲੈਟ ਨੂੰ ਸਮਝਣ ਵਿਚ ਸਹਾਇਤਾ ਦੀ ਜ਼ਰੂਰਤ ਹੈ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਲਫੋਰਡ ਕੌਂਸਲ (Salford council) ਵਿਚ ਇਕੁਅੈਲਿਟੀ ਟੀਮ (Equalities Team) ਨਾਲ ਫੋਨ ਨੰਬਰ 0161 793 3536 'ਤੇ ਸੰਪਰਕ ਕਰੋ।

اگر آپ کو اس لیف لیٹ کے سمجھنے میں مدد کی ضرورت ہو تو براہ کرم اکیولٹیٹی ٹیم کو سالفورڈ کونسل سے اس ٹیلی فون نمبر 0161 793 3536 پر رابطہ قائم کر سکتے ہیں۔

This document can be provided in large print, audio, electronic and braille formats, please call The Equalities Team at Salford City Council on 0161 793 3536.