

Annual Review and Summary of Accounts 2005/06



Annual Review

Vision and challenge

Herefordshire is a place where people, business and an outstanding natural environment will together bring about sustainable prosperity and wellbeing for all. The new Herefordshire Community Strategy is setting out how the council and its partners intend to turn this vision into reality.

The council has a 'local area agreement' with government that gives demanding targets for the continued improvement of services in line with this vision. Our own corporate plan sets out how we intend to carry on improving our efficiency and effectiveness, so that we deliver a fair deal for council tax-payers and make sure that our front-line services are as good as they can be.

However, this is not without its challenges. The government is placing tight constraints on local authority budgets at the same time as requiring them to take on additional responsibilities and setting more demanding service targets. Rural authorities are hit harder than most because of the extra costs of providing services to sparse populations. Herefordshire Council receives a much lower than average government grant per head of population compared to similar authorities.

Sound finances

The council's overall financial position was judged by its external auditors to be sound. The auditors judged the council's achievements and management arrangements for improving value for money to be good.

While many local authorities across the country reported overspends, the council released a better-than-expected budget report last year - under-spending by £3.7 million. This puts Herefordshire in a better position to deal with any unforeseen surges in demand for services. In addition, the council met its target to make at least £2.5 million of cash-releasing efficiency savings and has effected a new, streamlined management structure.



Three star council

In 2005 the public services watchdog the Audit Commission gave the council a performance score of 3 stars out of a possible 4 and judged it to be improving adequately. The council is determined to raise its score and as such has reacted with speed to implement a Comprehensive Overall Performance Plan. All in all Herefordshire Council compares favourably with other local authorities across England, in spite of its spending power being a significant 20 per cent below the average for English unitary authorities.

Improving prospects for the young

The council's commitment to maximise the health, welfare and prospects of children was reflected in a £3.6-million programme to build nine new flagship children's centres across the county. The first three - Greencroft and Springfield in Hereford and Coningsby in Leominster - are already up and running.

The council's plans to improve educational attainment was rewarded with the number of pupils achieving 5 or more GCSE passes rising to 93 per cent, and young people leaving care with at least one GCSE qualification rose from 52 to 65 per cent.

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The proportion of pupils in schools achieving Level 4 or above in Key Stage 2 Mathematics fell from 75% to 74%, whilst English remained the same at 81%.

Last year, work got underway on one of Europe's greenest new schools - Whitecross High School in Hereford - which opened its doors in June this year. The school welcomed 900 pupils, many of which had helped in its design to ensure it will be a national flagship for renewable energy use.

The school buildings programme also delivered major refurbishments and extensions at primary and secondary schools across the county, including Burley Gate, Garway, Kingstone, Ledbury, Peterchurch, Ross, Walford and Weobley.

Despite the inspectors' judgement that services for most children in Herefordshire are good overall, the council is working hard to improve our arrangements for safeguarding children.

On the democracy front, Hereford's first Youth Council was sworn in and has embarked on a programme to improve young people's involvement in county decision-making.



▲ Whitecross High School

Inclusive of everyone

Focus on the needs of vulnerable adults was an important aspect of the council's work in 2005/6. In partnership with others, a 'signposting' scheme has helped almost 1,300 older people to receive necessary services and remain independent at home. The scheme also secured £6.5 million in previously unclaimed benefits for vulnerable people in the county.

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There has also been a major improvement in the number of adults and older people with physical disabilities and mental health problems who are being helped to live at home.

The proportion of council buildings meeting disability access standards was increased from 4 to 32 per cent, but more work needs to be done.

A new race equality monitoring system was launched to encourage the reporting of incidents and allow for more accurate recording.

Protecting the environment

The council is working to protect the environment, and this includes recycling much more waste and cutting carbon emissions. Year on year we continue to increase the amount of household waste that is recycled, which has now reached nearly a quarter of all waste handled.

The local enthusiasm for Herefordshire's distinctive flavours has meant that the council's fruit tree initiative – helping people to source old and unusual varieties to grow themselves – was a great success. The council facilitated the planting of more than 460 traditional variety fruit trees, created a community pond and wildlife area and helped support, through grants, the laying of over 1.5 miles of Herefordshire hedgerow for future generations to enjoy.

The Herefordshire Trail - reputed to be the longest county trail in England - was opened in June 2005. In March 2006, the county's tourist bodies formed the new Destination Management Partnership to pool their resources to ensure visitors to the county get the best possible service and advice.



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Looking after the roads

Improvements to transport and road safety was also high on the agenda. Herefordshire Council was named one of just 17 new centres of excellence in England for local transport delivery after meeting government targets for maintaining and improving local roads and reducing road injuries and deaths.

Highlights of the year included the completion of the new £4.5 million Roman Road linking Hereford to Stretton Sugwas, the pedestrianisation of Widemarsh Street, and the new cycleway between Haywood High School and Marlbrook.

Working with MIND, the council received top national honours for its transport scheme aimed at helping people living in isolated communities to get out and about.



Prosperous communities

Another priority is to build vibrant and prosperous communities, including providing more customer-focused services.

Highlights of the year included the opening of Leominster's new £2.5 million Swimming Pool, helped by the fundraising efforts of local people, and the completion of the award-winning refurbishment of the Eign Gate shopping precinct in Hereford, along with the pedestrianisation of Widemarsh Street.

A range of grant schemes came to the aid of communities and small businesses in targeted areas of the county, including help to restore shopfronts, convert redundant buildings and helping to kick-start some new businesses through rate relief.

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The library service, with its increased opening hours and state-of-the-art computer suites is working hard to turn around a decline in visitors. Hereford City Museum was runner-up in the National Museums and Heritage Awards for excellence for its work on access for blind and partially sighted visitors.

Over 60 per cent of users of cultural and recreational services were satisfied with them, with most people believing that access to nature and sports and leisure facilities had improved.

The proportion of major and minor planning applications determined against statutory guidelines had been below the targets set and an action plan was introduced in the year to improve performance.

Helping the homeless

The number of people accepted as homeless, towards whom the council has a full statutory duty, fell significantly during the year. Last year around £16 million in secured funding was invested in hundreds of affordable new homes in Hereford, Leominster and Ross as well as other market towns and villages. Of the 126 homes completed in 2005/06, 34 were available to rent, 31 for shared ownership and a further 61 were available for low cost home ownership.

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Summary of accounts

This summary of the council's accounts shows where the council spent its money and gives a brief overview of the financial position at 31st March 2006. The accounts were prepared in accordance with the Accounting Code of Practice.

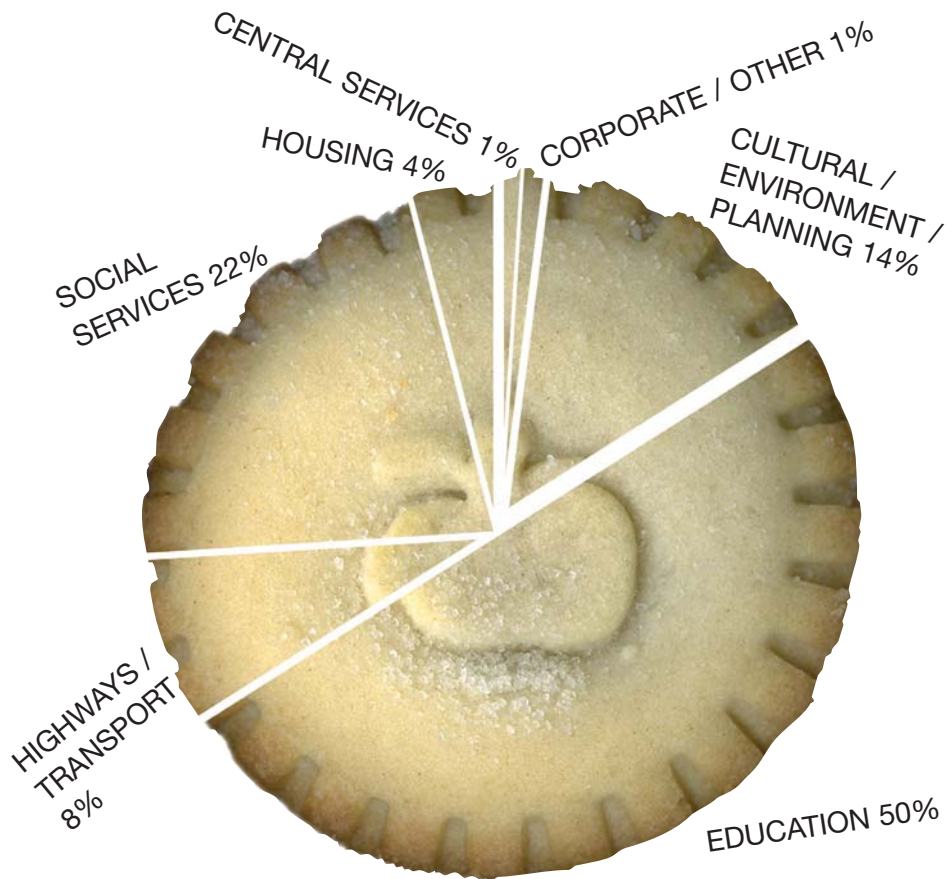
The 2005/6 accounts are still subject to external audit by the Audit Commission.

What the money was spent on

The revenue account shows the running costs of the council between 1st April 2005 and 31st March 2006.

| | Net Expenditure |
|---|------------------------|
| | £000 |
| Services | |
| Central services | 1,665 |
| Court services | 235 |
| Cultural, environmental and planning services | 27,227 |
| Education services | 96,186 |
| Highways, roads and transport services | 16,065 |
| Housing services | 7,452 |
| Social services | 43,411 |
| Corporate and democratic core | 3,630 |
| Non-distributed costs | (3,072) |
| Other services | 696 |
| Net cost of services | <u>193,495</u> |
| Other operating costs | (6,977) |
| | <u>186,518</u> |

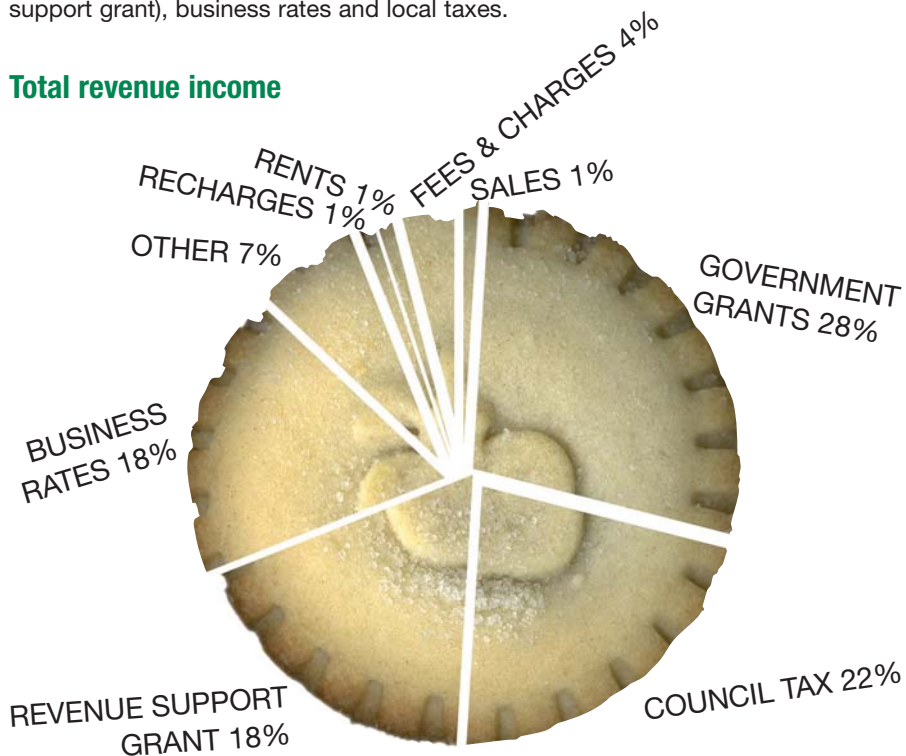
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Where the money comes from

In addition to the income generated by services, such as fees and charges and specific grants, £186 million was received through government grant (revenue support grant), business rates and local taxes.

Total revenue income



Cash flow

During the year nearly £400 million of cash flowed in and out of the council's bank accounts:

| | £000 |
|-----------------------------------|-------------|
| Cash overdrawn at 1st April 2005 | 2,247 |
| Cash in | (396,302) |
| Cash out | 398,322 |
| Cash overdrawn at 31st March 2006 | 4,267 |

As with all our financial statements, the cash flow position is a snapshot in time, with the position changing daily. The cash balance at 31st March includes payments of over £6 million sent out by the council but not yet cleared at the bank. The council has an excellent track record for managing cash effectively.



Capital spend

In addition to spending on the running costs of services the council also spent money investing in its assets, such as buildings and roads. During 2005/06 the council spent £31.8 million on capital projects, which was funded by borrowing, grants, capital income and revenue contributions.

| | 2005/06 |
|-------------------------------|----------------|
| | £000 |
| Capital spend | |
| Land and buildings | 7,792 |
| Roads and infrastructure | 10,480 |
| Vehicles, plant and equipment | 3,014 |
| Capital grants | 4,718 |
| Other | 5,841 |
| | <u>31,845</u> |
| Financed by | |
| Borrowing | 19,047 |
| Grants and contributions | 10,169 |
| Capital receipts | 1,827 |
| Revenue contribution | 802 |
| | <u>31,845</u> |

The following are examples of some of the schemes the council invested in during 2005/06:

- A new sports hall at Kingstone High School
- Improvements to Roman Road in Hereford
- A new swimming pool in Leominster
- Refurbishment of Eign Gate in Hereford
- ICT network enhancement



▲ Refurbishment of Eign Gate

The Council maintains a full three-year rolling capital programme linked to the council's strategic plans and estimated sources of funding.

The balance sheet

The balance sheet shows how much the council is worth at the end of each financial year. It sets out the value of its assets and how much the council owes, plus the amount of cash held in reserves:

| | 31st March 2006 | £000 | <i>Notes</i> | |
|---------------------------------|------------------------|-------------|--|--|
| Assets | | | | |
| Fixed Assets ¹ | 316,659 | | <i>1 Fixed assets include land, infrastructure, buildings and other property</i> | |
| Cash and Investments | 39,944 | | | |
| Amounts owed to the Council | 26,989 | | | |
| Other | 1,216 | | | |
| | <u>384,808</u> | | <i>2 The pensions liability represents the council's commitment to pay future pensions for current and former employees. The pensions reserve is set up to offset the liability against future years, rather than being a cost to the council in the year.</i> | |
| Liabilities | | | | |
| Borrowing | 89,547 | | | |
| Amounts owed by the Council | 28,463 | | | |
| Pensions liability ² | 100,614 | | | |
| Other | 2,714 | | | |
| | <u>221,338</u> | | | |
| | <u>163,470</u> | | | |
| Assets less liabilities | | | | |
| Capital reserves | 20,070 | | <i>3 Revenue reserves include £13.9 million earmarked for specific items of spend.</i> | |
| Revenue reserves ³ | 29,434 | | | |
| Pensions reserve ² | (100,614) | | | |
| Non-cash reserves | 214,580 | | | |
| Net worth | <u>163,470</u> | | | |

Cabinet member's comments

The 2005/6 financial year was a successful one for the council. Despite very significant financial pressures in social care we have maintained good control over the council's finances and will be further driving forward savings and efficiencies to meet the challenges ahead.

There were pleasing indications during the year that the council's finances were being well managed. The Audit Commission, the government public spending watchdog, gave the council a good mark for our Use of Resources assessment.

Cllr Mike Wilson
Cabinet Member - Resources

Have your say

This is the first year the council has produced summary accounts. Let us know what you think about the Annual Review and Summary Accounts and how you feel they could be improved.

Please send your comments to:

Mrs Sonia Rees, Director of Resources, Brockington, 35 Hafod Rd, Hereford, HR1 1SH or email: hfooster@herefordshire.gov.uk

A full version of the Statement of Accounts can be found on the council's website www.herefordshire.gov.uk

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If you need help to understand this document, or would like it in another format or language, please call 01432 260284 or send an e-mail to: hfooster@herefordshire.gov.uk



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