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Summary of accounts 2006/07

Details of the Council's spending during 2006/07

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Dumfries & Galloway COUNCIL

Statement by Director of Finance

This is a quick guide to the Council's financial position for the 12 months ended 31 March 2007.

This summary is based on the information in the full version of the accounts. The figures in this summary were originally compiled having regard to proper accounting practice. For the purposes of this statement some modifications have been made to provide meaningful information. The full accounts have been independently assessed by Audit Scotland and certified as reliable.

A full copy of the 2006/07 audited accounts is available on request.

The accounts can also be found on our website - www.dumgal.gov.uk

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Summary Operating Financial Review 2006/07

In the year to 31st March 2007 the Council had an overall surplus of just under £1 Million resulting in total year end General Fund Balances of over £29 Million. However, it is important to recognise that this figure includes significant amounts which have required to be set aside to support the affordability of major long term projects including the Waste Management/Recycling PFI Scheme (£5.8 Million) the Schools PPP Project (£5.7 Million), Regeneration and Housing (£3.2 Million) and a range of other partnership projects. The level of Unallocated Balances, which represent the funds available to the Council to support general financial management and to meet unexpected spending demands (such as responses to major emergencies), actually fell by £4.4 Million to a year end figure of £7.9 Million as funds were utilised to restrict council tax increases with the tax in Dumfries & Galloway being the lowest of the 29 Scottish mainland authorities and 10% below the national average.

The operating results for 2006/07 also included an exceptional charge of £5.7 Million in respect of estimated compensation payments due to groups of workers under the Equal Pay Act 1970 (As Amended). This charge was met through the application of funds previously set aside by the Council.

A range of major projects have been progressed by the Council during the course of the year including the £17 Million Regional Leisure Complex (DG1) which has secured significant external funding support, through SportScotland and European grants, and is due to be completed before the end of 2007. Significant urban regeneration projects, including the development of Stranraer Waterfront and the Regeneration of Dumfries Town Centre, have also been progressed while the Council has continued to invest in the improvement of Council buildings to ensure accessibility for all with these works being progressed in partnership with the Dumfries and Galloway Access Panel.

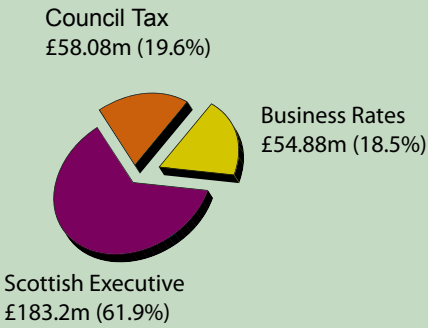
A summary of the statements outlining the Council's financial performance for the year ended 31st March 2007 are provided on the following pages.

Account of our services for 2006/07

The accounts below show the cost of running our services for the 12 months between April 2006 and March 2007, where the money came from to finance these costs, and the year end position.

	Expenditure £000	Income £000	Net Expend £000
Education, Social Work & Community Services	284,301	78,446	205,855
Planning & Environment	34,641	9,119	25,522
Combined Services	27,986	2,008	25,978
Corporate Services	18,133	1,673	16,460
Executive Unit & Area Management	3,005	0	3,005
Financial Services & Benefits	35,609	28,543	7,066
Police	42,511	22,668	19,843
Fire	10,712	554	10,158
Corporate & Democratic Core	3,613	1	3,612
Non Distributed Costs	339	313	26
Trading (surpluses)/deficits	2,350	0	2,350
Equal Pay	5,734	0	5,734
Less Central Support Recharges			(22,573)
Net cost of services			**303,036**
Repayment of loans and interest on loans			19,015
Transfer to reserves and other internal accounting			(26,879)
Amount to be met from Government grants and local taxation			**295,172**
Financed by:			
Revenue Support Grant			183,203
Business Rates			54,880
Council Tax			58,078
Total Income			**296,161**
Surplus for year			**989**
General Fund at the end of March 2006			28,368
General Fund at the end of March 2007			29,357

We had a total income in 2006/07 of £296 million.As the diagram shows most of this came from the Scottish Executive (62%). Just under one fifth of the Council's income comes from rates levied on business premises, the levels of which are controlled by the Scottish Executive.
Council Tax contributes to about one fifth of total income.
This is the only part over which the Council has control.
The Council had a surplus of £0.989 million for the year.



Balance Sheet

What the Council owns and is owed as at 31st March 2007

	31 March 2006 £000
Land, buildings, vehicles, machinery and infrastructure we own	425,470
Stock of materials	1,133
Money we are owed	66,662
Cash in the bank	7,394
Money the Council owes	(77,394)
Net Pension Fund Liability	(336,985)
	86,280
Financed by:	
Borrowing	155,851
Non-distributable reserves (see note 1 below)	(121,669)
Distributable reserves (see note 2 below)	52,098
	86,280

Note 1: Non-distributable reserves - under UK accounting rules we must keep several accounting reserve funds. This is part of our accounting for what we spend on capital investment and the value of our assets plus the new accounting for pensions.

Note 2: Distributable reserves - these funds are available to spend on our services.
The figure for distributable reserves is made up of:

General Fund Balances - unallocated reserves	7,912
- allocated service reserves	19,886
- devolved school management reserve	1,559
Usable Capital Receipts Reserve	13,705
Repairs & Renewals Fund	1,779
Capital Fund	5,015
Insurance Fund	2,242
	52,098

Of the General Fund Balances, £17.842m has been allocated to specific projects as follows:

Strategic Waste Fund funding for the Waste Management PFI project	5,809
Schools PPP Project sinking fund	5,734
Regeneration & housing issues	3,225
Carried forward Revenue Support Grant	3,074

The Council has a duty under legislation to maintain prudent levels of balances and reserves and this is reviewed on a continual basis.

Cash Flow

	£000
Cash in/ (owed to) bank at 31 March 2006	(572)
Cash in	25,095
Cash out	(17,129)
Cash in/(owed to) bank at 31 March 2007	7,394

How has Financial Services performed?

Section	Measure	2004-05	2005-06	2006-07
Treasury	Loans fund interest rate	4.96%	4.89%	4.84%
Creditors Payments	Number of invoices paid	171,159	181,555	153,000
	Percentage paid within 30 days	90.0%	90.0%	91.0%
	Percentage paid within 30 days (Scottish average)	83.7%	85.1%	see note
Payroll Processing	Value	£171,253,403	£190,571,853	£189,740,762
	Number of pays processed	256,565	252,368	252,005
	Percentage correctly processed	99.86%	99.92%	99.96%
Employee Numbers	Total employees of the Council	8,455	8,890	8,421

Note: This figure will not be available until January 2008 when Audit Scotland releases its national report.

Council Tax

	2004-05	2005-06	2006-07
Population of Dumfries & Galloway	147,930	148,340	148,030
Band D equivalent properties	54,000	54,600	57,915
In year collection - Dumfries & Galloway	94.6%	94.1%	94.8%
In year collection - Scotland	92.7%	93.3%	see note
Number of direct debit payments	38,115	39,252	42,159
Value of direct debit payments	£38,646,283	£40,436,499	£43,588,609
Percentage of direct debits of total collection value	64%	66%	65%

Note: This figure will not be available until January 2008 when Audit Scotland releases its national report.

Financial Management

	2004-05	2005-06	2006-07
Annual accounts presented on time	✔	✔	✔
Free from audit qualification (figure independently confirmed as reliable)	✔	✔	✔

Capital Expenditure

Capital expenditure generally represents money spent by the Council on the purchasing, upgrading and improving of assets such as buildings and roads. The Council receives the benefit from capital expenditure over a long period of time.
The following table outlines the capital investment made during 2006/07.

		£000s
Education, Social Work & Community Services	Dumfries & Galloway Leisure Complex	4,954
	Property works on schools	4,678
	Property works on Community Services properties	826
	Schools - new builds	390
	Property works on Social Work properties	191
	Social Work vehicles	185
	Smarter Schools PPP Project	116
	Miscellaneous projects	350
		11,690
Planning & Environment	Transportation projects	2,725
	Infrastructure maintenance	2,419
	Contaminated land	403
	Regeneration projects	133
	Miscellaneous projects	218
		5,898
Combined Services	Property works	1,633
	Burial ground development programme	456
	Purchase of vehicles	98
	Miscellaneous projects	42
		2,229
Corporate Services	Property works	602
	Miscellaneous information services projects	541
	DDA compliance works	331
	Miscellaneous projects	110
		1,584
Police	Vehicles	294
	Airwave	165
	Other ICT Projects	154
	Miscellaneous projects	333
		946
Fire and Rescue	Property Works	570
	Vehicles	506
	Information Technology	334
	Operational Equipment	72
		1,482
	Total	**23,829**

Further copies of this leaflet and full copies of the Audited Annual Accounts can be obtained from our website www.dumgal.gov.uk/annualaccounts or by emailing dir.finance@dumgal.gov.uk or by calling 01387 260000